

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2630

are a number of factors tied to this program. Commissioner Lind said one of the aspects of this program that he personally supports is that they are breaking away from the traditional pattern of educating people formally on the campus.

Mr. Bob Jacobs, Budget & Management, said the cost per student has been around \$18,000 to \$20,000 but the budget as proposed will change this. Mr. Jacobs said in addition to full time students there are going to be quite a few part time students. They project the full time equivalency to be about 170. Then the program will cost about \$3,000 per student which is less than the cost of educating a student at the Fairbanks campus. Senator Groh said he still could not see spending \$500 a month for the student for going to school. Mr. Jacobs said the stipends are required by the federal act. A discussion followed on the footnote in the Free Conference Committee report of the budget last year pertaining to this program. Senator Groh noted that the legislative intent had not been carried out.

Student Financial Aid Mr. Jac Carruthers spoke on the Scholarship Loan Program. He stated that the amount of money for FY 73 and FY 74 was about the same but the number of awards went down. Mr. Carruthers said they have 249 people on the waiting list who would be eligible for \$369,000. They anticipate the same waiting list next year. The Governor's request for the Tuition Grant is \$950,000 and Mr. Carruthers said he feels they could move this back to \$900,000 and turn the other \$50,000 over to the loan program.

In Administration, the Governor had allowed one new position (Clerk Typist III) but disallowed the Clerk Typist II. Mr. Carruthers said this position was not allowed because he had not provided sufficient justification. Mr. Carruthers said they are concerned with getting this position back into the budget so they can "police more adequately these loans."

Senator Groh asked if they make claims against a deceased student's estate. Mr. Carruthers said no. Senator Groh felt this should be done.

Post Secondary & Adult Educ. The committee then discussed the Post Secondary & Adult Education BRU's. Senator Groh noted there has been a substantial increase in general funds. It was explained to the committee they are looking at 2,000 additional students. Senator Groh asked why federal funding has dropped for FY 75. It was stated that there has been a cut back in the federal basic education law.

A discussion followed on the Community College Support. Commissioner Lind said there is some concern on the part of Community College directors that this function remain with the Department. There is general concern that vocational education does not lose its place in the community college.

Museums

Mr. Mike Kennedy, Director of Museums, appeared before the committee. Mr. Kennedy stated that most of the new positions are on their staff. They were from other programs such as PEP and WIN. He pointed out that their total budget request is less than last year.

In answer to Senator Groh, Mr. Kennedy noted there are funds in the capital improvements budget to rebuild the Transportation Museum. He said they have two persons working at the Transportation Museum on items that are salvageable.

Senator Groh said he had received correspondence that funds were being utilized in other programs. He asked how much is left in the funding for the Transportation Museum. Mr. Kennedy said this would be less than \$20.0. He added they had to transfer funds because of the loss of \$50.0 of JOM funds.

ecess: The meeting recessed at 4:10 p.m.

AFTER RECESS
4:30 p.m.

Present: Senator Groh

Fred McGinnis, Commissioner, Department of Health and Social Services; Fran Fleek, Public Health; Dr. Graham, Dean of AMU Nursing Program.

EDUCATION

Senator Groh called the meeting to order and stated that he will review the Special Education Grants and AMU Nursing Program, starting on page 99 of the short forms.

Senator Groh noted that Special Education Grants total \$17.9. Ms. Fleek stated that there is legislation pending which would transfer this from the Department of Health and Social Services to the Department of Education.

AMU

The Governor recommended a budget of \$187.5 for this BRU. Senator Groh recommended a continued effort to try to get legislative support for this program generally.

Dr. Graham stated that they have added one additional position.

Mr. McGinnis remarked that this program stretches far out of Anchorage. He felt it will be a "saving grace" for the medical situation in Anchorage.

Adjourn

The meeting was adjourned at 4:35 p.m.

SENATE FINANCE COMMITTEE

March 28, 1974

9:00 A. M.

Present: Senators Groh, Butrovich, Poland, Ray. Frederick P. McGinnis, Commissioner; V. L. Iverson, Director, Division of Administrative Services, Department of Health & Social Services; R. L. Smith, Commissioner; Leland T. Dalby, Director, Employment Security Division; Roger A. Harman, Comptroller, Employment Security Division, Department of Labor; Michael B. Jones, Director, State Economic Opportunity Division, Department of Community & Regional Affairs; Leslie F. James, Director, Vocational Rehabilitation Division, Department of Education; Ms. Rose Palmquist, Administrator, Longevity Bonus Program, Department of Administration; Elaine Mitchell, reporter.

SOCIAL SERVICES

Dept. of Health & Soc.Svces. Sen. Groh called the meeting to order to review the budget requests from the Department of Health & Social Services, Department of Labor, Department of Community & Regional Affairs, and the Department of Administration for the program category Social Services.

Quality Control Mr. Iverson explained Quality Control and Collections Agency, a new budget request unit requiring funding of \$406,000 for FY 75. The establishment of this BRU, responsible to the Commissioner's Office directly, is the initial phase of the Department's efforts to reduce error rates to acceptable levels as set forth by the federal government. John Yankee, advisory to the House Finance Committee, recommended Quality Control elevation to the highest level of the department, and looking at related functions, Mr. Iverson said they saw the possibility of merging this under the Deputy Commissioner.

Mr. Iverson listed the positions required for this BRU, involving new hires and transfers, and the department would have a shortfall of \$29,000 from the Governor's recommendation if the BRU was created. However, unless corrective action is taken, the department would suffer because of fiscal sanctions by the federal government against those states with more than 3% ineligible error rate and with more than 5% overpayment error rate in AFDC programs.

Sen. Groh said the Finance Committee would support the creation of this BRU if the department felt it was necessary, but asked if other divisions would suffer as a result of position transfers. Mr. McGinnis replied it was of the highest priority, and it would be best to re-allocate the funds this way.

There would be a total of 17 people in the department, stated Mr. Iverson, 10 of which are existing positions. Quality Control would be moved directly under the Commissioner as a section of the agency, but would maintain a separate identity. Sen. Ray noted

2 Fraud Investigators in the Anchorage office, and asked how many cases of fraud were discovered. Mr. McGinnis replied about 15 to 20, but the word gets out if investigations are started. Mr. Iverson added \$10,000 was recovered in improper payments or over-payments in one month in Anchorage, and by next year the department would have better statistics.

Sen. Ray asked if additional funds were requested, to which Mr. McGinnis replied the proposal did not carry any new money beyond the FY 75 request.

Sen. Palmer joined the meeting at 9:10 A.M.

Dept. of
Labor

Referring to the Department of Labor, the committee had no questions about the budget requests for the Fisherman's Fund or the Second Injury Fund.

Employ. of
Handicap.

Under Employment of the Handicapped, Mr. Dalby explained the department was attempting to expand the program as it was worthwhile. The Governor's recommendation reduced the original request, but it was hoped the committee would consider the original budget. An Information Officer and a Clerk Typist were requested as support for the element.

Employment
Security

Employment Security was funded 100% by federal funds outside of contractual programs such as WIN. Mr. Dalby explained some 30 positions have been requested above maintenance level, but this element is in a definite growth period. Sen. Groh questioned the positions listed in the short-form as they did not correspond with the request by the department, and Mr. Dalby said he would correct this by memo to the committee.

11 new positions were requested in Employment Security, 6 approved by Revised Program. Mr. Dalby said this element represented 76% of the total employment within the Department of Labor, providing all support services. Sen. Groh asked if there would not be a substantial shift in emphasis within the next year due to pipeline construction. Mr. Dalby replied no, the element would still have their basic responsibilities to perform. Estimates were 13,000 people would be employed on the pipeline at peak construction, but unemployment was estimated to increase from 9% in Fairbanks to 11% because of more people in Alaska without jobs. Once dollars start flowing, others will come to Alaska without jobs; however, two service people will be needed for every direct employee and approximately 35,000 more job opportunities are anticipated outside of the pipeline between 1974 and 1977. A survey will be made available to the Finance Committee done under the auspices of the Bureau of Labor Statistics regarding the employment situation, added Mr. Dalby. The federal government has added \$2 million to the Employment Security's budget because of pipeline impact.

Manpower
Training

Referring to Manpower Training, Mr. Dalby explained WIN attempts to find meaningful employment for people registered under this program. The state participates in funding this program 10%, with 90% from the federal government, for a budget request of \$1,140,900 federal and \$126,800 general fund. The federal government, however, announced there may be a reduction in this program, and actual figures should be in by the end of April.

The other contractual arrangement under Manpower Training was Operation Hitchhike. Mr. Dalby said the department may come to the committee for a Revised Program as the status of this program is not yet known.

A Revised Program will be submitted for Job Corps, continued Mr. Dalby, as federal funding will be \$230,000 rather than \$150,000 as shown in the budget request.

Sen. Palmer asked the function of LMI, to which Mr. Dalby replied surveys under the Bureau of Labor Statistics are covered by this element.

Commission. An Administrative Officer was requested by the Department of Labor Office for the Commissioner's Office, but denied by the Governor's budget review committee. Mr. Dalby said the additional responsibilities of the department have for some time been absorbed by the Employment Security Division. Mr. Harmon added five auditors from the federal government have been working within the Employment Security Division, and administrative functions should be picked up by the state for their fair share. There appeared to be a reduction in personnel in the Commissioner's Office due to positions picked up in supportive services area. The elections concerning collective bargaining has increased the workload tremendously, as has the coordination of the department's activities with other departments for pipeline commitments. Mr. Harmon concluded by saying the Administrative Officer position was needed because of this extra workload.

Dept. of
Community
& Reg. Af.
NYC

The committee referred to the Neighborhood Youth Corps under the Department of Community & Regional Affairs, and questioned the funding for Personal Services with only 4 positions. It was explained that this was the salaries for the kids under the program, and Sen. Groh said it would probably be better to list their salaries under Contractual Services. He requested the department to submit a letter with a breakdown of actual salaries for employees of the program and salaries for those benefiting from the Neighborhood Youth Corps.

Dept. of
Education
Vocational
Rehab.

Vocational Rehabilitation, Department of Education, was reviewed by the committee, and Sen. Ray commented too many BRU's increase their general fund request when federal receipts increased. It was explained by the department representatives that the opposite has also occurred and budget requests have been reduced when federal receipts have been reduced.

The committee reviewed MDTA Vocational Education and Skill Center budget requests, with no questions.

Dept. of
Admin.
Longevity
Bonus
Program

Referring to the Longevity Bonus Program under the Department of Administration, Sen. Ray said he would ask the Budget & Audit Committee to audit the payments, as it appeared some people were taking advantage of the program. Sen. Groh said the program should have some cut-off date, possibly ten years, and Sen. Palmer asked for recommendations from Mrs. Palmquist, Administrator of the program. Mrs. Palmquist said their division could not research every case since they only had a staff of 3 people, and they have found their main problem has been with people leaving the state but still receiving the bonus.

Donated
Commodi-
ties

Warehouse space in Anchorage was requested by Donated Commodities, as storage is required for approximately 900,000 pounds of food for agencies in remote areas. It was explained to the committee that Alaska was the only state in the Union receiving food, as the federal government realizes the unique problems in the state. Sen. Groh stated the committee had no questions of the budget request.

Recess:

The committee recessed the meeting for an executive session at 10:00 A.M.

AFTER RECESS
2:30 p.m.

Present: Senators Groh, Butrovich, Sackett, Poland, Lewis

Representative Martin Moore; Bob Garza, Ketchikan; Willie Ratcliff, Fairbanks (Chairman of Human rights Commission); Sylvia Munsey, Anchorage, Gilbert Gutierrez, Fairbanks, all of Human Rights Commission; Douglas Luna, Director of Pipeline Compliance, Anchorage

Myrton Charney, Director, Budget and Management.

JUSTICE

Human
Rights
Comm.

Senator Groh called the meeting to order and stated that the committee will review the Commission's budget, starting on page 13 of the short forms.

Senator Groh noted that the Commission's FY '74 budget was \$135.0, and the Governor recommended a \$174.7 budget for FY '75, allowing two new full-time positions. He added that the Commission had requested a budget of \$442.0 for FY '75.

Mr. Charney reported that there has been an amendment to this budget which would raise it to \$188.0.

Gilbert Gutierrez, Field representative out of Fairbanks, explained the committee's objectives and stated that they have only three staff members to cover the entire State. He reported that their case load has increased 100%, and they need more people to get out in the field. He said he is responsible for the entire Northwest Region; however, most of his time is spent in dealing with the case load in the Fairbanks area. He told the committee that in Fairbanks they average about four alleged complaints a week. He felt the workload will increase greatly because of pipeline construction.

Mr. Gutierrez said, in Fairbanks, they have a temporary secretary, and want to make this into a permanent position. He said there is a lot of work for a very small staff. Mr. Charney told the committee that the administration is currently reviewing the request for the secretary in Fairbanks (whether to allow for a full-time secretary and allow benefits).

Senator Sackett commented that evidently the Human Rights Commission felt they needed a great many more people than the Governor recommended. Mr. Charney replied that it was their intent to build up a pot of money. He said they took certain items to build up. He pointed out that they really don't know where the impact will be at this time. He said the only change the administration is proposing to the budget at this time is the Fairbanks secretarial position in Fairbanks.

Senator Butrovich asked if most of the complaints they have now are related to the pipeline. Mr. Gutierrez replied that most of the complaints now are related to employment. He said they work very closely with the unions to educate them in the State's law to avoid problems. He said they are in the process of doing research for the labor unions as to what minorities are available for a job or for training. He said any records they have are available to the unions at any time.

Senator Butrovich said the reason he asked is that he expects many of the Bush people will be looking to the pipeline for employment, and he hoped they would get preference over out-of-state people.

Douglas Luna, Pipeline Compliance, Anchorage, said he has contacted the AFN and Alyeska, and has been told by them that they are going to recruit in the Bristol Bay area. He said he is working with the labor unions to provide as much information to them for their apprenticeship program as they want concerning minority groups available. He said they expect many complaints from the Valdez area when pipeline construction starts, and there is only one man in Anchorage to cover that whole area.

Willie Ratcliff, Chairman of the Human Rights Commission, said the staff is overworked and underpaid. He said they really need at least two more investigators. In addition, the secretary has only a temporary position, with no benefits, and nothing to look forward to.

Senator Groh questioned the objectives listed in the red book which state that the commission wants to translate the civil rights law into a large number of dialects and languages. He questioned whether there were very many Japanese or Spanish people in Alaska who need this translation.

Senator Lewis entered the meeting.

Senator Groh added that we have a substantial bi-lingual program in the State. Possibly that program should be attacking that, rather than the Human Rights Commission. He said their overall presentation in the budget gives the impression that the Commission is going to get into other things--manpower training, etc. Mr. Ratcliff, responding to that, said they are talking about training for their own staff and commission people.

With respect to manpower training, Senator Sackett remarked that he agreed it should not be an objective of the Commission; however, the Department of Labor is not doing that for any minorities.

Senator Butrovich thought that somebody should be making an inventory of available minority labor and where they are so these people will be given a chance to work.

Sylvia Munsey, commenting on the objectives stated in the budget, said right now they are doing most of their work in urban areas because they "are more available there." She said they feel that every person in the State has a right to know if he is being discriminated against, and that there is an agency to help him.

Senator Lewis asked if the Commission helped minorities get jobs. Mrs. Munsey replied that they are not oriented toward getting them jobs; rather, they try to get people who have lost their jobs because of discrimination, reinstated.

Mr. Gutierrez stated there is nothing in the State statutes that says they can force employers to take people on. However, they can advise them on the discrimination laws. He said they also set up a plan around the need of the company itself, and advise them how to structure it.

Senator Lewis remarked that he was in Kodiak recently, and the fish processors were advertising for help; however, many people won't go to work, as they would rather collect food stamps.

Mr. Luna said one of his functions is to work with the minorities and the unions to fill in this gap. He said he's been working with state agencies to inform them where there are potential minorities available for employment. He said part of the failure he has experienced is due to the fact he is not receiving information back from the various groups he has contacted to obtain statistics on minorities. He said many of the unions are trying to implement the "Alaska Plan" which requires 23% minority hire. He said this is really not a function of his agency per se, but they feel a moral obligation.

Mr. Gutierrez said the Commission is trying to develop lists of minorities so they can contact these people when job opportunities arise.

Senator Sackett, referring to minority employment on the pipeline, stated that he has been working with the Department of Labor. He remarked that they have had so many problems in dealing with the Department of Labor, that they have been dealing directly with the unions instead.

Martin Moore, Emmonak, testified in favor of the staff increases. He believed there will be a lot of impact because of the pipeline construction. He said he realized that the Legislature probably will not fully fund the \$442.0 budget request, so he is making the following specific requests:

1. That the HRC be designated the full-time permanent secretary position in Fairbanks.
2. That they be allotted at least two additional investigators, out of the six requested. He specified no specific locations for these investigators, feeling that they would be placed where they are most needed.

Senator Groh thanked the group for their presentation, saying it has been very helpful. He announced that there is a group from the Ketchikan Chamber of Commerce who has been waiting to give a presentation.

Mr. Ratcliff thanked the committee for hearing their problems. He stated that if they got the two investigators, one would be based in Fairbanks and one in Anchorage; however, they would be moved around.

HB 41

The following group of persons from Ketchikan appeared before the committee to speak in favor of HB 41:

C.B. Bettisworth, Ketchikan Planning Department; Stephen Reeve, Ketchikan Planning Department; Karl G. Steward, Ketchikan Gateway Borough; Len Laurance, Ketchikan Chamber of Commerce, Director; Del Hansen, Walt Bolling, Cecilia Bolling, Ketchikan Chamber of Commerce; Joe LeFaire, Ketchikan Chamber of Commerce & Fisheries; M. Guyman, Councilman, City of Ketchikan; Mr. Taylor, Councilman, City of Ketchikan (Vice President of Ketchikan Chamber of Commerce; BarBara Bennett, President, Ketchikan of the Chamber of Commerce; Edward Zostrow, Councilman, Ketchikan; William L. Baker, Manager, Ketchikan, Chamber of Commerce, Mr. and Mrs. Steve Boyd, Ketchikan Borough Assembly.

The spokesman for the group, Len Laurance, who is the Director of the Ketchikan Chamber of Commerce, stated that the group is here to urge passage of HB 41 which is in the Senate Finance Committee.

House Bill 41 is a bill to appropriate \$625,000 to the Department of Public Works to fund the State's share of the cost of construction of a Bartlett-class ferry.

Senator Groh noted that the \$625.0 would be the State's share of the cost. There is \$5.5 million in federal funds available for this, according to the fiscal note in the bill file.

Mr. Laurance spoke to the need for the ferry, saying that it would be based in Ketchikan. He said two years ago the voters passed a bond issue which provided for construction of two Bartlett class ferries to be based in Southeast Alaska; however, since that time costs have escalated so much that the amount is no longer sufficient.

He said one vessel has been built in lieu of a vessel of the Bartlett class. He said the Chilcat has been made available to Ketchikan to serve communities such as Hollis and Metlakatla.

Mr. Laurance spoke of the various small communities in Southeast Alaska which are growing economically and need this ferry service. He asked the committee to remember that Ketchikan is entirely dependent upon ferry service and air travel for transportation.

Answering Senator Groh, Mr. Laurance said they believed the \$625,000 will be all that is needed, together with the federal funds, to put them in good shape financially for this request.

Senator Groh commented that he is sure the group is aware that the legislative delegation from Ketchikan is one of the most competent in the Legislature, and they have been pressing for this item too.

Senator Sackett said he assumed that the federal program through the highway department have already been approved for this. Mr. Laurance replied "yes."

Mr. Laurance explained that there is a bond issue proposal issue for this class of vessel; however, they are concerned because it is one of the lowest priorities listed. He said they feel that bond proposal should pass; however, even if it did, there would be insufficient funds for the Bartlett class ferry they are hoping for. That is why they are urging passage of HB 41.

Answering Senator Groh, Mr. Laurance said there is no money left from the previous bond issue.

Senator Lewis asked if this is the group's number 1 priority for Ketchikan, to which Mr. Laurance replied it is their number one priority with the Senate Finance Committee.

Senator Groh thanked the group for its presentation and stated that the committee will now hearing from a group from Bethel concerning the boarding school program.

Present were: Susan Murphy, Bethel School Board; Al Weinberg, S.O.S., Dan Johnson, former Bethel City Manager Jerry White; Bethel City Manager Andy Edge; Senator George Hohman

Senator Hohman explained that they are concerned that the boarding program might not be available for Bethel because of the lack of funding. He commented that he felt the study entitled "A Long Way From Home" which is critical of the boarding program is very misleading.

Al Weinberg, S.O.S., testified that they are very concerned that secondary students should have the opportunity to remain in their region to attend school rather than being forced to go to distant places or wind up back in their own villages with correspondence courses. He did not think the report "A Long Way From Home" was very scientific and he did not think the conclusions in it were warranted. Dr. Kleinfeld pointed out in her report that boarding programs created mental, social and emotional problems, but declined to look at the greatly improved situation Bethel has this year. He said their dropout and absentee rates have been greatly reduced.

He said they understand that the boarding program may not continue to be funded by Johnson-O'Malley federal funds, so they hope the State will maintain some flexibility to pick up that program in the event these funds are not forthcoming.

Susan Murphy, a member of the Johnson-O'Malley advisory committee, said the committee had voted to not make Johnson-O'Malley funds available for the boarding program, which they felt is a basic program which should be funded by the State. She said the committee had given notice of this last year-- that the money will not be forthcoming. She said the committee prefers that JOM funds be used for supplemental programs.

Dan Johnson, Director of the S.O.S. Housing Program, told the committee that last year the Bethel dorm operation cost about \$4500/per student; however, this year they anticipate that they can do it at a reduced cost. He urged that the Legislature support so they can continue to have students boarded within their own region. He said he supported Education's request for monies to fund the boarding home program if the JOM funds are not available. However, he pointed out that the amount of money requested by the Department of Education will not be sufficient because they did not give consideration to inflation or cost-of-living increases. He said the Native Corporation he represents feels that they can operate the program, at a cost much less than the State has in previous years; however, it would cost somewhat more than what is requested by the Department of Education.

Senator Hohman said Bethel is aggressively attacking its social problems, pointing out that the town voted itself "dry" recently.

Mr. Johnson testified that they have gone to Johnson-O'Malley with two proposals for supplementary funds for Bethel. He did not feel Johnson-O'Malley would abandon them completely-- he believed some money would be provided from that source.

Senator Poland said Mr. Charney had stated that it was the administration's understanding that Johnson-O'Malley funds could be used for the boarding program. Senator Sackett said JOM funds have been used for the boarding home program up until last year when they changed their policy.

Susan Murphy stated that the JOM Committee advised the administration last July that these funds would not be available for boarding homes.

Answering Senator Groh, Ms. Murphy said there is about \$4.5 million available in JOM funds; however, they have about 70 applications pending in the State.

Senator Hohman pointed out that the State does not support most of the schools in the villages--they are supported with federal funds. He said the argument is that, under the State Constitution, education is a State responsibility.

Senator Hohman said State support of rural S.O.S. students has been declining in recent years because of increased federal support.

Senator Groh said as he reads it, the total S.O.S. budget this year will be around \$44 million. Does Senator Hohman mean there will be no State money in that? Senator Hohman replied, as he understands it, they have 57 schools in this area, 15 of which are S.O.S. schools which receive some State support, 42 of these have no State support--they are run by BIA.

Senator Butrovich said he thinks this matter calls for a confrontation between this group and the Department of Education.

Senator Groh said he considers this one of the major issues of this budget. He felt we should get together with the Governor and JOM committee to determine whether or not the funds will be used for boarding school purposes.

Senator Groh thanked the group for its presentation, and the meeting recessed at 3:10 p.m.

Recess

AFTER RECESS
3:20 p.m.

Present: Senators Groh, Palmer, Butrovich, Poland, Sackett

Don Dafoe, Administrative Officer, University of Alaska;
Charles Ferguson, Provost, Southeast Region; Dr. Lew
Haines, Provost, Southcentral Region; Earl Beistline,
Provost, Northern Region; Myrton Charney, Director of Budget
and Management; Bob Jacobs, Division of Budget and Management.

Univ. of
Alaska

Senator Groh called the meeting to order and stated that the committee will review the University of Alaska budget at this time, starting with the summary of the Northern Region on page 61 of the short forms.

Northern
Region

Regional Center Administration, page 61. Explaining the three requested positions, Mr. Beistline said the Personnel Tech. is needed to take care of work they have as a result of EEO and OSHA regulations; the Steno is needed for the overall increase in work load. The Accounts Receivable Clerk is requested for the business office.

Regional Public Service, p. 63. Senator Groh noted there is an overall reduction because of the transfer of Tanana Valley Community College funding to the U of A, Fairbanks Instruction.

Regional Student Aid, p. 65. Senator Groh noted the only increase is because of inflation.

Instruct. & Dept. Research, p. 69. Senator Groh stated the Governor's recommendation is a substantial decrease from the department's request.

Referring to page 68, Summary sheet, Mr. Beistline pointed out that the Governor's recommendation is \$353,000 less than the current fiscal year budget. He said, with the Governor's proposed budget, they will be forced to cut 17 to 18 faculty people from what they have this year. He said they'd like to bring this budget back up to a higher level.

Another "bad" reduction is the \$83.2 reduction in the library BRU (from the current year's operation). He said in addition to the cost of books going up, they are also taking over the Arctic Health Service facility.

Mr. Beistline said the cut proposed by the Governor for Student Services would make the budget \$77.4 less than the current year level. He said these three major items are ones they would like to see raised from the Governor's proposal.

Mr. Beistline said the Governor also proposed a \$32,800 reduction in the Tanana Valley Community College budget.

The \$32.8 was to be used to fund an office of coordinator-developer to work with school district and University staff in assessing needs to be met, reviewing current courses and programs of both agencies and determining what program gaps must be filled.

Mr. Beistline advised that there is a bill in the Legislature now requesting \$206,000 additional funding for the Tanana Valley Community College. This is not for new facilities construction, but would be used to fund programs.

Referring to pages 69-70, Senator Groh noted that there were 180 full time people for FY '74. The Governor proposes allowing 164 for FY '75, based on anticipated lower enrollments.

Mr. Beistline stated that when President Hiatt made his presentation to the committees he outlined and discussed student credit hour production, which indicated they were down. However, the President indicated the reasons why he felt, rather than having a reduction in students, he anticipated a 10% increase. He said, in calculating the overall budget, some of the items they asked for were based on a rim model shown as deleted. He said the budget on pages 69-70 is \$257,000 less than the region's maintenance level.

Senator Sackett asked if they had any reaction to the Governor's cutting the entire Fairbanks Community College. Mr. Dafoe said they think it should not have been cut. There is now a bill in the Legislatuare (SB 647) to put it back it.

Fairbanks Library, pages 73-74. Senator Groh stated that the committee heard an excellent presentation by three students on this subject recently. Mr. Beistline said he thought the students did very well in stating the library situation. There has been a reduction of \$83.0 which they hope will be put back in.

Myrton Charney said his office met with the students this morning, and they agreed that they would not need the entire \$600,000.

Chip Wagner, student at the U of A, Fairbanks, said they agree, in light of additional information they did not have, that there may be a number of different ways to get additional books. He said the question they could not answer is with respect to whether or not to count government documents as library units. He said if documents are counted as units, then the library might be up to standard. However, if the National Standard is to not count them, then the library is below standard. He said regardless of whether they do or do not, both the facilities and books need to be upgraded.

Museum, pages 75-76. No questions.

Student Services, pages 77-78. Mr. Beistline said there is a considerable drop in the budget compared to FY '75. He said the current figure was put in based on the operation they had in FY '73. Senator Palmer asked if, with the reduction in number of students, they needed this? Mr. Beistline replied that they have too many students for the number of counselors they have.

Physical Plant Facilities, Operation & Util. p. 79-80.
No questions.

Physical Plant, Maintenance, p. 81-82. Mr. Beistline said they need more custodians because they have taken over another building on campus. He said their performance in the custodial area is better than average.

Safety & Security, p. 83-84. Mr. Beistline said they are spending \$20,000 more than the Free Conference Committee allocated, although it does not show up here. He said they have reduced parking fees.

Answering Senator Groh, Mr. Beistline said the request is for three radio dispatchers, rather than one. (\$26.0 requested).

Debt Service, p. 85-86. No questions.

Southeast Region

Dr. Ferguson gave a brief overview of the Southeast Region. He said the Southeast Region is the newest one. They do not have a complete supporting service of an administration. He said student enrollments have increased 32% above what they projected, and they are stretched as thin as possible. He felt this region needs to be looked at a little differently than already established programs.

Answering Senator Palmer, Dr. Ferguson said the region is operating three community colleges. He said they have no plans at this time to move into a Bachelor's program until they can develop more students and direction. He said they have focused greatly on Master's programs in Public Administration and Engineering and Science Management. He said with 750 part-time students in the graduate programs, they have had to depend on transient faculty to support the programs. He predicted that they will be faced with an "exploding" enrollment in Juneau over the next few years.

Administration, p. 89-90. Dr. Ferguson pointed out that the Governor's recommendation is a reduction over last year's budget. He said in a newly-developing institution, this will create difficulties, particularly in the contractual services item, because they are fixed charges.

Regional Public Service, p. 91-92. Senator Groh noted that the Governor turned down requests for two new positions. No questions on this page.

Juneau Senior College, p. 95-96. Dr. Ferguson cited figures relating to projected student credit hours. He said they are up 67% this year over their projections for the senior college.

Juneau/Douglas Community College, p. 97-98. Dr. Ferguson said they are 26% over the projected student credit hours.

Library, p. 99-100. Dr. Ferguson pointed out that this library is operated as a community college library. He felt Southeast students deserve the same level of course support as in other areas. He said their budget request would provide the expansion to support the senior college types of programs. Answering Senator Sackett, Dr. Ferguson said both people and purchase of books are proposed in this request.

Dr. Ferguson explained that in the past they have had only \$5.8 for equipment, which is a minimum acquisition budget for a community college. They are requesting that this now be supported at a level so over a period of years Juneau would be in a position to have a senior college program.

Dr. Ferguson said in the past there was a University plan to have a Media Services program to serve the entire State; however, with the rapid expansion in Anchorage and Juneau, the Fairbanks Media Services has not been able to do this. He said Juneau has had to buy all their own films, etc. He said the requested Media Specialist would also help in curriculum development.

Student Services, P. 101-102. Dr. Ferguson said he presently has no Student Services program. He felt the budget they are requesting is modest.

Physical Plant, p. 103-104. No questions.

Ketchikan Community College. Dr. Ferguson said they are down slightly in enrollments. They had projected 60 (full time equivalent) and they had 51.

Director's Office, Ketchikan, p. 107-107. Dr. Ferguson said Ketchikan is going through a curriculum revision. He said he does not feel they have experienced the growth that was expected; however, they hope it will pick up.

Sitka Community College. Dr. Ferguson said a sub-committee in the community has been appointed to do academic planning, and he is encouraged by what he sees happening. He felt the program is beginning to show some improvement--they have had the first significant increases in several years.

Dr. Ferguson said the FTE for Sitka is 35 (academic portion). He said the biggest part of the program (about 60-70%) is in the vocational area.

Answering Senator Palmer, Dr. Ferguson said the credit hours for the vocational portion was 200+ this semester. There was an FTE of 35 for the academic portion. He said they are focusing more on head count. He said student credit hours have gone up 10% this year, where they were static before.

Southcentral
Region

Dr. Haines distributed to the committee a revised budget, which he said requests \$1 million more. He said this revision, together with the backup, had been furnished to Legislative Budget Analyst Rich Guthrie and Dr. Josh Wright several weeks before.

(Note: Revised Budget for Southcentral Region attached to these minutes).

Dr. Haines said they are submitting a revised budget because the projections they made at the time of preparation of the original budget, almost a year ago, are now outdated. They now predict greater student enrollments and will need more money to provide staff for them.

Answering Senator Groh, Dr. Haines said this budget has been cleared with the administration, and the Board of Regents of the University is aware of it.

Myrton Charney said he was not aware of this revised budget-- he has never seen it before. Senator Groh said he would like to have Mr. Charney's department review this as soon as possible.

The committee discussed the different mix of students (full time and part time) and the fees charged to each. Senator Palmer stated that graduate students have been paying \$86 for three hours, whereas a full-time student can take three times those credit hours for the same amount.

Bob Jacobs, Budget & Management, said he thought the University's fee schedule is absurd. He felt they should revert to a straight credit hour fee. He said the way it is, if the average number of credit hours per student goes up, the average income per student goes down.

Senator Groh said he objected to the overall high cost of the University's operation. Dr. Haines stated that education costs outside are increasing faster than in Alaska. He also felt there is a limit on how low we can go before we reduce the quality of education. Senator Groh said he bet no other state spends this kind of money on higher education.

Senator Groh said he can see no reason to continue the budget review for this region because of the new budget that was submitted. He said he would like to continue reviewing other portion's of the University's budget in the morning.

Adjourn

The meeting adjourned at 4:35 p.m.

UNIVERSITY OF ALASKA
Southcentral Region

FY 75 BUDGET REQUEST

PROPOSED REVISIONS & ANALYSIS 3/1/74

	INCOME					EXPENSE				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	73-74 Projected	University Request	Governor's Budget	Proposed Revision	Variance Col.(4) from (3) Increase (Decrease)	73-74 Projected	University Request	Governor's Budget	Proposed Revision	Variance Col.(9) from (8) Increase (Decrease)
Regional Governance	104.5	121.7	71.7	41.0	(30.7)	933.8	989.9	990.4	1098.6	108.2
Public Service	96.7	63.0	63.0	63.0	-	194.4	171.9	169.0	227.2	58.2
Sub-Total SCRC	<u>201.2</u>	<u>184.7</u>	<u>134.7</u>	<u>104.0</u>	<u>(30.7)</u>	<u>1128.2</u>	<u>1161.8</u>	<u>1159.4</u>	<u>1325.8</u>	<u>166.4</u>
ASC	585.0	704.7	711.2	590.6	(120.6)	1392.7	1566.0	1657.0	1657.0	-
ACC	1260.0	1130.0	1194.7	1414.2	219.5	2750.8	2793.6	2738.3	3220.7	482.4
Student Services	17.1	27.0	27.0	27.0	-	328.0	359.0	356.1	356.1	-
Library	250.0	-	-	-	-	719.8	507.7	501.7	705.0	203.3
Physical Plant	-	-	-	-	-	820.0	1106.9	1102.0	1102.0	-
Consortium Director	-	-	-	-	-	16.0	-	-	-	-
Sub-Total UAA	<u>2112.1</u>	<u>1861.7</u>	<u>1932.9</u>	<u>2031.8</u>	<u>98.9</u>	<u>6027.3</u>	<u>6333.2</u>	<u>6355.1</u>	<u>7040.8</u>	<u>625.7</u>
KPCC	29.7	45.0	45.0	34.8	(10.2)	220.0	233.8	224.3	233.8	9.5
KOCC	25.6	30.0	30.0	28.1	(1.9)	236.0	239.4	214.7	263.4	48.7
MSCC	21.4	20.4	20.4	23.0	2.6	155.6	175.9	200.8	200.8	-
KUSCC	29.9	18.0	18.0	37.1	19.1	151.3	169.9	186.1	300.0	113.9
Total SCR	<u>2419.9</u>	<u>2159.8</u>	<u>2181.0</u>	<u>2258.8</u>	<u>77.8</u>	<u>7918.4</u>	<u>8313.1</u>	<u>8340.4</u>	<u>9364.6</u>	<u>1024.2</u>
Appropriation Required	-	6153.3	6159.4	7105.8	946.4	-	-	-	-	-
Totals	-	<u>8313.1</u>	<u>8340.4</u>	<u>9364.6</u>	<u>1024.2</u>	-	-	-	-	-

Special appropriation requested for Library and Audio Visual materials \$375.0

3/28/74

-368-

SENATE FINANCE COMMITTEE

March 29, 1974

9:10 A.M.

Present: Senators Groh, Butrovich, and Poland.
Don Dafoe, Administrative Officer; Dr. Earl H. Beistline, Provost, Northern Region; Dr. Charles O. Ferguson, Provost, Southeastern Regional Center; Dr. Lewis E. Haines, Provost, Southcentral Regional Center; University of Alaska. Myrton R. Charney, Director; Bob Jacobs, Analyst, Division of Budget & Management. Elaine Mitchell, reporter.

UNIV. OF
ALASKA

Sen. Groh called the meeting to order for review of the budget request from the University of Alaska.

Referring to University Relations, Mr. Dafoe stated the Governor's budget review committee cut back severely on this element, but they could live with it if necessary.

Mr. Dafoe said a meeting with the House Finance Committee brought to the University administrators' attention the fact that there was an error in figuring merit increases on the University's budget of about \$83,000. This has been called to Bob Jacobs' attention for correction.

Sen. Groh questioned Overhead Cost Recoveries listed in Central Operating Costs, to which Mr. Charney replied overhead cost recoveries have been redistributed and put in places that earned the overhead. Mr. Dafoe added it didn't make any difference in total dollars; but overhead funds have been taken from Organized Research and distributed to other elements, resulting in an increase of General Fund to Organized Research.

Under Statewide Services, Mr. Dafoe requested the position of Fisheries Tech. Developer be restored (eliminated by the Governor's budget review committee). The position had formerly been funded 100% from Sea Grant Restricted Funds and the request was for 50% funding from the General Fund. The Fisheries Tech. Developer works with the community colleges in Southeast to bolster their fisheries program, tying in with Kodiak to use their expertise.

Media Services will be split up in the budget next year, explained Mr. Dafoe; however, this would not affect the budget figures.

Referring to Cooperative Extension, Mr. Dafoe said they estimated at the time the budget was prepared that federal receipts from Smith-Lever funds would be \$400,000. It has now been funded by

the federal government at \$379,400, leaving the element under-funded by \$21,000. An additional \$13,000 should be added to Contractual, since the University has been informed the GSA will be increasing rental at some outlying areas. Net effect on the element is \$34,000 under-funded.

The committee briefly reviewed Organized Research, with no questions.

Referring to Independent Enterprises, Mr. Dafoe said there will probably be an \$85,000 under-run of income caused by Yak Estates.

Sen. Sackett joined the meeting at 9:25 A.M.

Sen. Groh asked if the House Finance Committee was going to budget restricted funds, to which Mr. Dafoe replied they were not and restricted funds were provided as a matter of information only. Mr. Dafoe added the University planned to consolidate the entire budget next year to give a more accurate picture of the total budget. Restricted funds amounted to \$18.9 million.

Mr. Dafoe said he did not want to leave the impression that the previous afternoon's discussion was an attempt by the University to surprise the committee. He was under the impression that Mr. Jacobs had the information as the University felt constrained to indicate changes between the budget and enrollment pattern effects. He also said he would like to indicate the fact that the budget as set forth in the shortform did not present in any sense what the University administrators would like to have in the budget, since the shortform did not reflect changes made to meet the Governor's prescribed limit. Sen. Butrovich said he thought the request column was the University's request, to which Mr. Dafoe replied it was within the limit set by the Governor and the Governor's recommendation column was reduced substantially. Mr. Guthrie apologized to the committee if it was not clear that the staff had followed the procedure that information was not supplied to the committee if not requested (relating to the previous afternoon's discussion). If the committee's care to make it a policy to exchange such information, the staff will comply. Until that time, however, information will be treated as confidential and only provided to the committee that requests it.

Concerning vocational-technical support, Mr. Dafoe said funds were appropriated to the Department of Education, who distributed the funds to the community colleges on a allocation formula. In the budget request \$1,050,000 was listed; however, Mr. Dafoe said he thought the original request from the Department of Education was \$1,350,000. In a survey of community colleges, Mr. Dafoe found \$1,870,000 was needed and additional funds are needed for this program. Mr. Dafoe said there was no particular reason for these funds to go to the Department of Education and Marshall Lind said

the only funding needed by the Department of Education would be for post-secondary voc/tech. start-up programs. In a position paper concerning recommended changes, the University listed allocation of these funds to community colleges. The program was initiated originally two years ago in an attempt to bring voc/tech. program tuition fees down to the level of fees for academic courses, explained Mr. Dafoe, and he said it was not administered this way by the Department of Education. They request applications for specific programs from the community colleges, resulting only in a lot of bookkeeping.

Sen. Groh said the committee did not wish to review the South-central request until more information was available from the administration. Mr. Charney and Mr. Jacobs said this would be available some time next week.

Mr. Dafoe asked if he could comment on the WICHE program, and distributed a brochure to committee members on this program. 43 students are presently receiving support under this program, support not going directly to the student but to the institution. It provides preferential treatment for Alaskan students for graduate education, and many more applications have been received by new students. \$146,000 was allocated this year and 37 students are continuing next year for a carry-over cost of \$124,000. New student applicants who are eligible and certified number 100 (compared to 74 which the University had received by January 3). In the past only about 57% of the students certified actually follow through; therefore, a 60% figure was used for new student amount. This year the request included \$3,500 for administrative expenses, \$1,200 for meeting of the commission and \$1,800 to participate in a survey of WICHE past students for a follow-up of their activities since graduation. WICHE will put in another \$1,800 and the federal government will add \$1,800 for this study. \$500 was requested for postage, supplies, telephone, etc., but the University will provide secretarial assistance. The budget request amounted to \$85,000, but with a 60% factor for new students the University requested \$51,000. The Governor approved \$20,000, which would not be enough money to support all students that apply. Mr. Dafoe concluded by saying the only equitable way to allocate funds would be to pay on order of admittance, and he felt it should be increased as it was a good and worthwhile program. Sen. Butrovich said he would be very interested in seeing the results of the follow-up study on past students. Mr. Dafoe added the present law should be cleaned up since it did not include all the fields to which students were applying, pharmacy, for one.

The meeting recessed at 9:50 A.M.

AFTER RECESS
11:15 a.m.

Present: All members except Senator Lewis. Senator Silides was also present.

HB 63 Senator Groh called the meeting to order and said the committee would consider HOUSE BILL NO. 63 (An Act making a supplemental appropriation to the Department of Administration for the teachers' retirement system; and providing for an effective date.)

Senator Groh referred to a memo from Deputy Commissioner Freer which indicated the \$524.2 in the bill is not sufficient. The request has been changed to \$541.4.

Senator Palmer moved and asked unanimous consent for the amendment of \$541.4. No objection, so ordered.

Senator Ray moved and asked unanimous consent that HB 63 amended pass from committee with a "do pass" recommendation. No objection, so ordered.

SB 465 The committee then considered SENATE BILL NO. 465 (an Act relating to medical assistance for needy persons; and providing for an effective date). The committee discussed an earlier presentation made by Commissioner McGinnis. There was a Committee Substitute (by HESS Committee) on this and the committee decided this was the legislation the Commissioner requested. A motion was made that Committee Substitute for Senate Bill No. 465 pass from committee with a "do pass" recommendation. No objection, so ordered. All members present signed "do pass." Senator Groh instructed the staff to prepare a committee report explaining the savings that would result from passage of this bill.

HB 577am The committee considered HOUSE BILL NO. 577 am (An Act relating to the maximum amount loanable under the small business loan program). Senator Palmer moved and asked unanimous consent that House Bill No. 577 am pass from committee with a "do pass" recommendation. Senator Sackett objected. Senator Ray questioned why the maximum amount loanable needs to be increased to \$100,000 (from \$60,000). This was briefly discussed. Senator Palmer moved that House Bill No. 577 am pass from committee with individual recommendations. The motion failed 3 to 3 and House Bill No. 577 am was returned to file.

CSSB 311 The committee then considered Committee Substitute on Senate Bill No. 311 (an Act providing for the sale,

exchange or other disposition of minerals obtained by the state as royalty under state leases or of rights to receive future mineral production under state leases; and providing for an effective date.)

Senator Silides stated that he has talked to the Commissioner of Natural Resources about the need for a Royalty Oil and Gas Development Advisory Board. The Commissioner had informed Senator Silides that he and the Governor feel that the matter of disposition of the state's royalties is an important thing and should have public input.

Senator Ray questioned paying \$100 a day per diem to the board members. Senator Palmer stated that similar boards are receiving this amount. He used the Land Use Planning Commission as an example.

Senator Ray thought this legislation premature. Senator Silides pointed out that the meetings would be called at the discretion of the Commissioner and if there is no work there would be no meetings.

Senator Groh referred to the fiscal note. He said his problem in this bill is the need for \$136.8 for FY 75. Senator Butrovich stated that the need for 12 meetings per year seems like a lot of meetings, particularly for the first year. Senator Ray pointed out that the largest cost (noted in the fiscal note) is the Executive Director and the need for contractual services. Senator Silides referred to the contractual services. He said that the Department may need legal assistance in drawing up complicated contracts.

Senator Palmer moved to limit the amount that could be spent to \$25.0. Senator Groh suggested that a letter of intent be prepared which stated that no more than \$25.0 be appropriated for the FY 75 operating costs of the proposed Alaska Royalty Oil and Gas Development Advisory Board.

LEG. INTENT

A motion was made that Committee Substitute for Senate Bill No. 311 be reported back with individual recommendations with the attached letter of intent. (all members agreeing except Senator Ray who signed "do not pass - premature") Senator Sackett had left the meeting and did not sign the committee report.

SB 405

Senator Groh stated that the committee would consider SENATE BILL NO. 405 (An Act relating to schools on military reservations; and providing for an effective date).

Senator Groh explained that this is enabling legislation to allow military on-base schools to be attached to the local boroughs.

Senator Palmer moved that SB 405 pass from committee with individual recommendations. (All members present signed "do pass")

SB 488 There was a brief discussion of SENATE BILL NO. 488 (An Act relating to the merger and consolidation of corporations). Senator Groh explained that SB 488 had been introduced by the committee. A motion was made that SENATE BILL NO. 488 pass from committee with individual recommendations (Senators Groh, Butrovich and Palmer signed "do pass" and Senators Ray and Poland signed "no recommendation").

SB 457 Senator Bill No. 457 (Powers of the Department of Education with respect to contractual agreements for the sharing of boarding costs of secondary school students) was briefly discussed but no action was taken.

SB 287 The committee then considered SENATE BILL NO. 287 (An Act providing for the issuance of general obligation bonds in the amount of \$2,700,000 for the purpose of paying the cost of fire protection facilities; and providing for an effective date). A motion was made that SENATE BILL NO. 287 pass from committee with individual recommendations (Senators Groh, Butrovich and Palmer signed "do pass" and Senators Ray and Poland signed "no recommendations").

Recess: The meeting recessed at 12:01 p.m.

AFTER RECESS

2:25 p.m.

Present: Senators Groh, Palmer, Ray, Butrovich

Stanley H. Friese, Superintendent; George White, Associate Superintendent, Administrative Services; Ron Wesley, Budget Officer, Alaska State-Operated School System; Homer Marshall, Director of Plant Facilities, SOS; Myrton Charney, Director and Bob Jacobs, Division of Budget and Management. Mick Murphy, Director, Alaska Rural Teacher Training Corps.

SOS Rural Superintendent Stanley Friese explained that new programs constitute the budget increase; however, if the new programs are started, they will result in a decrease in the Boarding Home program. He said the formulas have been established based on enrollment, and if enrollment projections and formulas are accurate, it would just be a matter of applying the formula to enrollment figures. He said the problems with the formulas as applied last year was that inequities occurred. He said it was obvious that some places were over-staffed and others were understaffed. Mr. Friese said there was a major problem at the military schools. They had to drop many programs carried in the past, as the formula didn't allow any special teachers. Replying to the question from Senator Groh, Mr. Friese said per pupil cost was approximately \$1400-1500 in the Anchorage Borough, \$1200-1300 for military schools, and \$2200 in the Bush schools (not including debt service).

Mick Murphy, Director of the Alaska Rural Teachers Training Corps, testified that 52 of their pupils are Native, and the majority are older people (average age is near 30). He stated that they provide stipends to enable these students to survive. He estimated that about 80% of them were on some welfare roll. Mr. Murphy said they attempt to remove persons from social welfare rolls and provide them with enough money for survival. He said the stipends are considerably less than the salary for a Clerk-Typist III.

Senator Groh asked if some of these students collect more than \$500 a month. Mr. Murphy replied "yes." He said that is the amount for a single student. They allow \$75.000 for a married person and additional amounts for each child.

Mr. Murphy said the ARTTC program has retained 67% of its students.

Senator Groh asked what obligation these students have to teach in the school system. Mr. Murphy explained that the intent of the Free Conference Committee last year was that they be required to teach in a rural school subsequent to their graduation. This provision was in most the agreements the students were asked to sign. Senator Groh asked if the students have signed these agreements yet. Mr. Murphy replied that there is a legal matter as far as the federal government is concerned (as to whether or not it is constitutional to force them to sign). He said they have asked for a legal

opinion as to whether or not it is contrary to the Civil Rights Act. Senator Groh said it seemed to him if we are paying them, we should be able to get an agreement. Mr. Murphy replied one issue is if there are no jobs available, are the students obligated to repay the State if they are unemployed or area unable to move to a location where a job opportunity exists?

Senator Ray remarked that is the only reason the bill was passed in the first place. The Intent of the law was that it would be a Native program so they would teach school in Alaska. Mr. Murphy said 100% of them are going to and are clearly seeking jobs. He said they graduated 22 students, of which 16 are clearly in education in rural Alaska, one is in graduate school, three are unemployed, one non-native is in California, due to the death of his father. He felt their record of employment has been excellent. He stated that about one-half of this first graduating group is white.

Senator Palmer asked if Mr. Murphy thought it would be reasonable to ask the students to sign some kind of contract which stated that they agree to teach in rural Alaska "if reasonable opportunity is given"? Mr. Murphy said he thought it is reasonable. He said they have attempted to forestall any litigation by exercising an act of faith. He said that, in fact, was proposed to the students and they are willing to do so. However, they wanted a broader idea of what would be considered rural. For instance, is Valdez rural?

Senator Groh said he thought the Free Conference Committee had included another provision to the effect that this would be the last year of the program. Mr. Murphy replied that this was to have been instituted as a regular program of the University of Alaska this year.

He said the budget was prepared, approved by the University, and sent to the Governor's office, but the preliminary budget did not include this component. He said they tried to find out why it was omitted--apparently it was a mechanical error in the business office of the University.

Mr. Murphy explained that they are asking the University of Alaska to establish a field base program where faculty will be based in the Bush and can provide access to many more students. He reported that in addition to 60 full-time students, they have had over 40 part-time students (this includes graduate students).

Answering Senator Groh, Mr. Murphy said they pay about \$35,000 a month in stipends. He said they would like to turn this into a nine month, rather than a 12 month program.

Senator Palmer asked what process is used to select candidates. Mr. Murphy replied that each community has a panel of seven people, consisting of people representing local government, the school board, teaching staff, etc. This panel interviews potential students and makes the selections.

Senator Palmer asked if Johnson-O'Malley funds could be used in a supplemental program of some type for this program. Mr. Murphy said in the first year of operation, they used some of these funds. He said they have a small JOM grant this year for the purpose of determining where the proposed centers ought to be.

Answering Senator Ray, Mr. Murphy said they have graduated 22 students so far and 16 are teaching in Alaska. Senator Ray said he didn't think the program is worth it. Mr. Murphy said they have brought 28 students at the high school or pre high school level up to their senior academic year, and an additional 30 from pre high school up to moving into their junior academic year.

Senator Groh remarked that we have 1700 kids under the student loan program and spend \$3 million annually. This program has only 60 students, and it costs \$1 million.

Mr. Murphy said they are seeking to get the University to take over this program and establish it as part of their regular curriculum. He said there is an extreme scarcity of teachers willing and able to move into the "ghettos." He said they are asking that no State monies go into student support next year. They will look to the feds for that.

On Base
Schools

Mr. Friese explained that one big problem they had was that military enrollment was not what was projected. He said they employed a staff based on estimates, and the projections did not materialize. About January, they found they had about 16-17 additional teachers more than the enrollment called for and at that time they tried to cut back. He said they filed a declaratory judgment with their teachers organization to determine whether they could terminate teachers at any time in the event enrollment was not as planned. He said they have not been allowed to do that. He said they employed conservatively this year to be sure their enrollment does justify the number of teachers employed.

Mr. Friese said the biggest change in their '75 budget is the area high schools where they have 8,000 additional students.

Senator Ray left the meeting.

Mr. Friese said the adult and vocational education programs are still in their infancies. He felt both are progressing well. He said decentralization is bound to be a large issue this year (with respect to what happens to current legislation which may transfer on-base schools). He said they will be working towards a more meaningful way of decentralizing services so these services can be in the field. He said they are working closely with the boarding home program. He said that program will be cut back and they need to do much more planning to keep children in rural areas. This may cause an increase in their correspondence program or the secondary program.

Mr. Friese explained that they have formulas for all of the services, together with projected enrollments. These start on pages 5-6 of the short forms. Senator Groh asked if these formulas are comparable to those used last year. Mr. Friese said the Basic Instruction ones are. There has been some modification in the Clerical and Maintenance Support.

Ron Wesley stated that the basic change from the FY '75 budget has been in the classification of 7th and 8th grade students in secondary programs. These students are now classified for formula purposes as secondary students.

Mr. Friese said each region will be allocated one aide for every ten teachers.

Senator Palmer questioned the number of food service workers as compared to last year. Mr. Wesley said the only increases are due to additional new sites. It is basically the same staffing.

P. 29. Mr. Friese explained that the largest change is due to adding Early Childhood Development into this element. Last year, it was a separate element. That accounts for \$219,000 of the increase.

Page 31, Senator Groh noted that the Governor had disallowed all general fund support for the hot lunch program. Mr. Wesley replied that is just a mechanical thing. He said the funding source, Public Law 81874 receipts, are almost synonymous with general fund receipts. This simply removes \$86.5 of general fund receipts and increases the support under the supplemental Child Nutrition Act.

Senator Palmer said it had been his understanding the federal hot lunch programs are being decreased rather than increased. Senator Groh noted that program receipts increased by only \$5,000, yet the amount of money they are spending is almost an additional million. Mr. Wesley explained that the 1973 amount is an improper accounting. The federal receipts were co-mingled with the school luncheon sales.

Senator Groh asked what it charged for a hot lunch. Mr. Wesley stated that it varies. It is a minimum of 10 cents per meal. He stated the meals are free, if a parent cannot afford to pay, and meets the federal guidelines for income.

Building
Maint.

P. 33-34. Senator Groh noted a substantial increase in the number of maintenance men. Is this as a result of the staffing formula? Mr. Wesley said only 7 positions were added as a result of implementing the staffing formula. Two positions shown as new were actually authorized by Budget and Management in 1973. Five positions were due to transfers from the central office BRU to the rural office. Six positions are due to the water and sewer facilities for the new high schools being completed.

Senator Groh asked if the treatment plant is also utilized by the community. Mr. Wesley replied "yes." Homer Marshall, Director of SOS Plant Facilities, explained that the facilities when completed are owned by the villages. Residents pay a rate to the villages. He pointed out that these projects were funded by Environmental Conservation money, not SOS money. Senator Palmer felt the villages should at least pay the maintenance costs, rather than having SOS pay it all.

Mr. Weinberg explained that these agreements were entered into prior to creation of SOS, and the current administration does not go along with them. He said new arrangements are being formed so SOS will pay the communities for the service they use, and SOS will not provide maintenance people for the facilities.

Mr. Wesley explained that the 15 custodial workers they are adding is due to the staffing formulas. The 17 is due to the fact they are proposing more sites. He stated that some of the positions are part-time rather than full-time.

Senator Groh said he understands that AVEC puts in a generator in a community, which AVEC then owns. Then SOS gives the community operation and maintenance money and/or personnel. Senator Groh wanted to know how the cost to SOS compared with what the rest of the community pays. Mr. Marshall acknowledged that they pay less than SOS pays. Mr. Friese said the theory on this is that they would not have put it in if the SOS school were not there.

Mr. Wesley explained that under the present funding structure, the State does get back about 75-80 cents on the dollar under federal reimbursement. The operations of State-Operated Schools are funded to a great degree by federal money. Reimbursement is predicated on the cost.

Mr. Wesley explained that there is a two year lag in receiving PL 874 funds. The estimate for 1975 revenue would be predicated on 1973 costs. They could expect the corresponding increase in revenues for 1975 expenditures two years hence.

Referring to pages 37-38, Senator Groh asked if they were now going to have regional superintendents. Mr. Wesley replied "yes." He said there will be no corresponding decrease in the central office.

Page 41-42. Bilingual Education. Senator Groh said he thought this program might qualify for JOM monies. Mr. Wesley replied that the trend is to make this part of the basic instructional program, rather than a supplemental program.

The Acting Director of the Bilingual Education Program, testified that she believes bilingual education should not be treated as a supplemental program. All students should have the option of learning in their own language.

Mr. Murphy stated there was a Supreme Court decision about two months ago that said it was mandatory that children who do not speak the prevalent language must be provided with teachers who speak their language. (Freeman v. Row).

RATIONALE REGARDING LEVEL OF CENTRAL OFFICE
SUPPORT FOR RURAL VS. MILITARY STUDENTS

The nature of the Central Office BRU is to provide support for operation of the military and rural schools on a centralized as opposed to a decentralized basis. The support from Central Office comes in two principal forms, instructional and administrative. Direct operational support is also provided, to a limited degree, in the form of specialized maintenance mechanics who spend 100% of their time in support of rural schools. To determine a precise percentage of Central Office support relative to rural and military students is a practical impossibility and to even determine a scientific approximation would be a fantastically high cost project. The only practical approach would be to utilize subjective support estimations made by Central Office program managers or some objective criteria and assume that the level of support is relative to the assumed criteria.

During FY 1973 subjective estimates of Central Office support reflected an estimate of 75% rural and 25% military. This estimation was made during a time in which the student population was 44% rural and 56% military. The estimated FY 1974 student population distribution was 47% rural and 53% military with actual first quarter FY 1974 (November 6, 1973) enrollment being 50% rural and 50% military. The estimated FY 1975 enrollment is distributed 53% rural and 47% military. The resulting shift from FY 1973 to FY 1975, therefore, is 9% and agrees closely with subjective anticipated support estimates for FY 1975 of 82% rural and 18% military.

Even adopting objective criteria, other than enrollment, it is clear that the direct cost of rural education is higher than the direct cost of educating the military child. The reason, of course, is obvious, economics of scale. The military children are concentrated in a few, predominately urban locations while the rural children are scattered in many (over 100) predominately isolated and small villages. The economics of scale difference is evident by the amount of funds appropriated for FY 1974 for operation of rural schools as compared to military schools (almost 2 to 1), the number of teachers authorized for FY 1974 - rural 446 (56%) and military 348 (44%) even though the population distribution was estimated at 47% rural and 53% military and finally the total number of authorized positions (nearly 2 to 1). All the above indicators point to the fact that the direct cost of educating the rural child requires twice the resources of educating the military child. Why would the centralized support be less than the direct support? It's not logical that it would be less and, in fact, strongly logical that the efforts would be greater due to the definition of the Central Office BRU. The Central Office function is to provide support on a centralized basis and implied in this definition is an assumption that as a supported unit grows in size it becomes more self sufficient.

Alaska State-Operated School System
Governor's BRC Recommendations - Central Office Budget Request Unit
(General Fund Portion Only)
FY 1975

	%		AMOUNT	
	Rural-Military	Total	Rural	Military
Board of Directors	78%-22%	\$ 44,800.	\$ 36,700.	\$ 8,100.
Office of the Superintendent	69%-22%	93,600.	76,800.	16,800.
Administrative Services	86%-14%	1,716,700.	1,407,700.	309,000.
Instructional Services	82%-18%	163,200.	133,800.	29,400.
Instructional Media	70%-30%	300,000.	246,000.	54,000.
Planning and Evaluation	75%-25%	219,600.	180,100.	39,500.
		<u>\$2,537,900.</u>	<u>\$2,081,100.</u>	<u>\$456,800.</u>
		100%	82%	18%

NOTE: This schedule converts the relative percentage estimate of services supplied to Rural and Military students to funds, but does not represent the manner in which a reduction would be absorbed.

Pupil Transportation, pages 43-44. Senator Palmer requested copies of the bus service contracts.

Adult Education, pages 49-50. Senator Groh asked if there is any conceivable way we can get some people out of this area. He said almost everyone is in this field as it is. Mr. Friese replied that there is a large number of Vista workers who are able to work on adult education, but they have no funds. He said this ties in beautifully with our adult educational program. He said they are able to coordinate their program's efforts with other groups.

Referring to page 49, Senator Groh questioned \$104.6 to select fifteen communities to launch demonstration projects. Mr. Wesley replied in FY '75 the program was funded simply to get the ball rolling and to get federal grants to implement the programs.

Senator Palmer asked the procedure for starting a new program. Mr. Friese stated that if SOS wants to start a new program they first have to sell it to their board.

Correspondence Study. Senator Groh noted the Correspondence Study BRU. He stated this was another example of duplication -- Dept. of Education has a program and so does SOS. Mr. Friese stated that FY 75 is the first time for the SOS program. Mr. Bob Jacobs, Budget & Management, stated that in 1975 they are trying to treat SOS just like the boroughs and this is an effort to do that.

Mr. Jacobs stated that there are inter-agency receipts (\$122,500) for the purchase of courses and grading which will go to the Department of Education. Senator Groh questioned whether this made sense administratively. He suggested the students just enroll through the Dept. of Education and skip SOS. Mr. Jacobs said this is what has been done in the past and what is missing is the personal part--the itinerant teacher. The students under borough programs now receive this service while the SOS students do not. Senator Palmer asked where the itinerant teachers are in the boroughs. Mr. Jacobs stated they are hired by the boroughs and paid for by the districts.

Senator Poland entered the meeting.

Early Childhood Develop. The committee then discussed the Early Childhood Development BRU. In answer to Senator Palmer, Mr. Friese explained that this is a kindergarten program--not a pre-school program.

Recess: The committee recessed at 3:40 p.m.

AFTER RECESS

3:55 p.m.

Present: Senators Groh, Palmer, Poland and Butrovich. (SOS personnel still in attendance.)

S.O.S.

ON-BASE SCHOOLS

Summary Senator Groh asked if the staffing formulas presented on page 63 and 64 of the shortform are comparable to the formulas in Rural Schools. Mr. Friese said no, there is a difference. There is a teacher-student ratio of 1 to 20 in Rural Schools and 1 to 25 in On-Base.

Basic

Instruction Mr. Friese stated that the big change in Basic Instruction is that Early Childhood Development has been transferred into this BRU.

Food

Services There is a large increase in the Food Services BRU and Mr. Friese explained this is to start a hot lunch program at Ft. Richardson, Elmendorf AFB and Ft. Wainwright, and Eielson AFB.

Building

Maintenance Mr. Wesley explained that two new positions had been deleted by the Governor's Budget Review Committee.

Pupil

Trans. In answer to Senator Groh, Mr. Wesley explained at Adak the buses are driven by service men as a part time job.

Senator Palmer asked how the bus contracts will be affected by the increases in gasoline costs. Mr. Wesley replied that they are working on this problem with the Department of Education. They hope SOS will be treated as the other school districts. Mr. Wesley stated that the Department of Education has funds to take care of these increases.

Supplemental

Program The Department had requested \$149.6 for the Supplemental Program and the Governor allowed -0-.

Central
Office

Senator Groh asked what the impact on this would be if any of the bills pass which pertain to the transfer of On-Base Schools to local districts. Mr. Friese stated this would have a great impact. Although it might delete 50% of the students it would not delete 50% of the services from the Central Office. Mr. Wesley continued that a complete spin-off of the military schools would have an 18% impact on the Central Office BRU. He noted they had certain fixed costs in this office and a spin-off would not have a 1-for-1 effect. Senator Groh asked for a written analysis of what the reduction would be.

Central
Office SOS

Superintendent Senator Groh asked where the requested new position (Administrative Assistant) would be located. Mr. Friese explained this person would be located both in Anchorage and Juneau.

Admin.

Services Senator Groh noted the large increase in contractual services (FY 74 260.0; FY 75 Governor's request 386.0). Mr. Friese stated that part of this increase includes 45.0 for the Department of Law.

Planning

& Evaluation Mr. Friese noted that they have reclassified two positions in this BRU.

Senator Groh asked for a brief statement on SOS's position on the spin-off of the military schools.

Mr. Friese stated that there have been some emotional meetings on this. He said they recognize that sometime in the future there will be some kind of decentralization of SOS. He felt that the people affected by this decision should have a voice in what happens to their education.

Mr. Friese said no one has been able to come up with any financial or educational justification for such a change. Mr. Friese said his personal opinion is that if the decentralization does not happen this year they will be able to prove to all communities that when SOS was designed it was a move in the right direction.

Mr. Friese said that several months ago many parents had support this move but now there were large numbers opposed to it. There was a petition from Elmendorf with 1,250 signatures and 98% of the parents signed the petition (in favor of the schools staying with SOS).

Senator Groh noted there were 7,400 in the On-Base Schools. He asked how many were in Anchorage. Mr. Wesley stated that there are 1,437 students at Ft. Richardson and 1,926 at Elmendorf.

A discussion followed on what the differences in education would be (at SOS or district schools).

Senator Butrovich said if there is no dollar difference why shouldn't the people affected be allowed to make the decision. Senator Groh said there are some people who feel there will be a dollar difference.

Mr. Wesley said as far as federal funds are concerned there are three things which could happen: (1) the federal government could view this as no change and the funding

would stay the same; (2) they could view it as a complete separate school districts and have two rates (which might result in a \$2 million decrease); and (3) they could delete the preferential treatment (which would be a \$6 million decrease).

Senator Groh asked if SOS couldn't do a better job with Rural Schools if they concentrated only on this area. Mr. Friese said he did not think so. He said that most of the business in their office is working directly with Rural Schools. Approximately 80% of their effort is now going toward Rural Schools.

Adjourn: The meeting adjourned at 4:50 p.m.

SENATE FINANCE COMMITTEE

April 1, 1974

1:50 p.m.

Present: Senators Groh, Ray, Lewis, Palmer, Sackett, Butrovich, Poland

Senator Silides, Representative Degnan; Attorney General Norman C. Gorsuch, Arthur H. Snowden II, Administrative Director of Courts; Richard Barrier, Assistant Administrative Director of Courts; Robert VanHoute, Executive Secretary, Alaska Education Association.

Joe LaRocca, news reporter

SB 268

Oil & Gas
Pipelines

Senator Groh called the meeting to order, and stated that the committee will take up Senate Bill 268 at this time. Senate Bill 268 allows the Pipeline Commission to order the inclusion within the pipeline, at such points that it designates, special fittings to mitigate the time and cost of future connections for the injection and removal of gas and oil from the main pipeline and for the maintenance and facilitation of intrastate commerce.

Senator Groh asked the Attorney General if he had any comments with respect to this bill. Mr. Gorsuch said it is his opinion that it is unnecessary at this time. He said they believe that the provisions of the existing statute provide sufficient protection. He said the existing statute provides that upon appropriate examination by the pipeline commission, appropriate connections can be made to provide for the transportation of crude oil from points along the pipeline when those points are deemed to be of sufficient public interest and when the commercial quantities sought to be removed from the pipeline are at a sufficient level.

Mr. Gorsuch said the main thrust of the legislation was to provide for some discretion or flexibility on the part of the Commission to make this kind of determination. He said, although they think the proposed legislation is unnecessary, if the committee were to pass it, he suggested substituting the word "may" for "shall" in the first sentence of the bill to preserve this discretion.

He explained that the main thrust of the legislation is to prevent uneconomic transfer of oil from the pipeline to downstream facilities along the pipeline route.

Senator Ray presented the following amendment:

Replace the word "shall" with the following" (line 11, p. 1)

"after investigation and opportunity for hearing and findings as required in sub-paragraph (a) of this section may"

Senator Ray moved and asked unanimous consent that the above amendment be adopted.

Senator Palmer objected. He asked if the Commission does not feel that any are necessary at this time, is the word "shall" really appropriate? Mr. Gorsuch replied that he feels the problem with the word "shall" is that the discretion of the Commission would be limited. He said one of the things they are concerned about is persons coming in and requesting less than reasonable quantities of oil. It might lead to litigation and possible delay of the connection arrangements.

Senator Silides said it was the intention of the bill to give a mandate to the Commission--that is why they used the word "shall." He said the effect of the change is it would give the Commission greater latitude.

Senator Palmer suggested the following amendment to Senator Ray's amendment: Add the words "and the determination by the Commission that such fittings are in the best public interest, then they shall."

The committee discussed the change proposed by Senator Palmer and felt that the added wording served no useful purpose. Senator Palmer withdrew his amendment.

A vote was taken on Senator Ray's amendment. It failed by a vote of 2 in favor, 3 opposed.

Senator Palmer moved that the bill be passed from committee with individual recommendations.

The motion failed by a vote of 3 in favor, 2 against.

SB 269
Relating
to
Pipelines

Senate Bill 269 adds the words "special fittings during construction" to the original legislation. The Attorney General stated that his office thinks the Right of Way Lease provides adequate protection and that this legislation is unnecessary. He said it is a question of providing a maximum amount of flexibility consistent with what he considers a rather strong existing Legislative intent in the Right of Way Lease that provides for connections under appropriate circumstances in the discretion of the Pipeline Commission. The Lease also allows the Commissioner to include such terms as he considers reasonably proper.

Mr. Gorsuch said the same arguments apply to this bill as to SB 268, as to whether it is necessary.

Senator Ray noted that the part of the bill relating to special fittings fixes a definite time during construction. However, it appears that connections could be related to any time in the future. Is that the intent? Mr. Gorsuch said that is his understanding.

Senator Palmer asked if the Attorney General saw any way that passage of this bill could weaken the position of the people of Alaska. Mr. Gorsuch said it would not weaken the position, but he felt the existing statute provides adequate protection.

Senator Palmer asked if he thought it is possible that the bill would strengthen the position. Mr. Gorsuch said he did not believe it would add very much to the already existing protection--he considered the language as surplus.

Senator Groh called a short recess at 2:10 p.m. He reconvened the meeting at 2:12 p.m.

Senator Lewis entered the meeting.

Senator Palmer moved that Senate Bill 268 be passed out of committee with individual recommendations.

Senator Ray objected. He said he would withdraw his objection if Senator Lewis is ready to vote on the bill. Senator Lewis indicated he was ready, so Senator Ray withdrew his objection.

The motion was adopted by a vote of 4 to 2.

Members signed the committee report as follows: (SB 268)

"Do Not Pass"

Senator Groh, Ray

"Do Pass"

Senators Poland, Butrovich,
Palmer

"No Recommendation"

Senator Lewis

Senator Palmer moved that Senate Bill 269 be passed from committee with individual recommendations. The motion was adopted.

Members signed the committee report as follows: (SB 269)

"Do Pass"

Senators Palmer, Poland,
Butrovich

"Do Not Pass"

Senators Groh, Ray

"No Recommendation"

Senator Lewis

SB 42 and
SB 472

Compensa-
tion of
Judicial
Officers

Both these bills relate to fixing salaries for judicial officers, i.e., Supreme Court Justices, Superior Court Judges and District Court judges. The lower salaries are contained in SB 472.

Art Snowden, Administrative Director of Courts, spoke in favor of pay raises for the judges. saying that the majority of them are working hard are doing a good job. He stated that they have actually taken a 20% pay cut in the last few years.

Senator Ray pointed out that a Range 28, Step F, only gets \$35,000. Senator Groh suggested that we add a paragraph onto this bill to include Commissioners salaries.

Senator Ray said judges have the "fattest" retirement system in the whole state. The committee discussed the benefits of the judges' retirement system, which everyone agreed was a very good one.

Senator Sackett arrived at the meeting.

Rick Barrier, in speaking in favor of pay raises for judges, argued that judges are having a tough time continuing to live in a manner to which they have been accustomed. He said their lifestyle actually drops after they are admitted to the bench--they made more money as attorneys. Senator Ray remarked that no one is forced to submit an application for a judgeship--they know what the salary is when they apply.

Speaking of the judges' retirement system, Mr. Snowden said it has the effect of creating a pool of judges to be called back on a pro tem basis. This will save the State a lot of money in the long run, as it would only have to pay the difference between the salary and the retirement.

Senator Ray moved that Senate Bill 472 be passed out of committee with a "do pass" recommendation.

Amendment by Groh: Establish Supreme Court salaries at \$42,500; Superior Court at \$40,000, and District Court Judges at \$30,500.

Senator Groh's amendment failed, by a vote of 2 in favor, 5 opposed.

Amendment by Lewis: Amend District Court Judges' salaries to \$32.5. The amendment failed by a vote of one in favor (Lewis), 6 opposed.

Rick Barrier pointed out that the salary spread between the Supreme Court Justices and the Superior Court Judges in SB 472 is very small. The National average is a \$5,000 spread.

Amendment by Groh: Establish Supreme Court Justices salaries at \$41,000.

Amendment by Ray: Amend Senator Groh's amendment to set Supreme Court Justices salaries at \$40,000.

Senator Ray's amendment (\$40,000) was adopted.

Senator Groh's amendment (\$41,000) failed

Senator Butrovich moved that Senate Bill 472, as amended, be passed out of committee with individual recommendations.

The motion was adopted by a vote of 5 to 2.

Members signed the committee report for SB 472, as amended, as follows:

SB 472, as amended by Senate Finance Committee:

"Do Pass"

Senators Groh, Ray, Butrovich,
Sackett, Palmer

"No Recommendation"

Senator Poland

SB 494 Senate Bill 494 sets compensation for the Governor at \$50,000.

Governor's Salary Senator Ray moved that Senate Bill 494 be tabled. The motion was adopted.

Senator Groh called for a 5 minute recess to go into Executive Session. The meeting was reconvened at 3:05 p.m.

Mr. Snowden appeared before the committee and personally apologized for remarks he had made when he left the meeting. He said he did not intend his remarks to reflect on any member of this committee-he was voicing his disappointment about the outcome of the judicial officers' pay raise bill.

SB 342 Teachers' Retirement Robert VanHoute explained that the provision in Senate Bill 342 was inadvertently repealed last year when revisions to the retirement law were enacted, so currently there is nothing in the statutes that says teachers may retire after at least 25 years of creditable service, even though that is what they have been acting under.

Senator Butrovich moved that Senate Bill 342 be passed from committee with a "do pass" recommendation.

Senator Sackett pointed out that there is legislation which has been introduced to change the 25 years to 20 years.

Senator Butrovich's motion was adopted.

Members signed the committee report as follows:

"Do Pass without amendment" Senators Poland, Groh, Butrovich

"Do Pass" Senators Sackett, Palmer

"No Recommendation" Senator Ray

SB 343 CSHB 652 Teachers' Post Retirement Senator Palmer distributed copies of CS (Fin) for House Bill 652, which he said he preferred to SB 343, as the language is better.

This bill provides for a teachers' post retirement pension adjustment. The amount of the increase shall be equal to the cost of living increases, as determined by the U. S. Bureau of Labor Consumer Price Index for the 12-month period ending March 31 of the current year.

Robert VanHoute gave a brief summary of the bill. Senator Groh noted that the fiscal note says it will cost \$2.7 million for FY '75. Mr. VanHoute said about 300 teachers are involved at the present time. He said about one-third of these reside in Alaska at the present time.

Senator Palmer asked how this ranks in priority with other requests by the Alaska Education Association. Mr. VanHoute said it is their second priority. The highest priority is the Foundation Program.

S.B. 479

G.O. Bond
Issue
Pioneers'
& Nursing
Homes

Senator Palmer moved that Senate Bill 343 be passed out of committee with individual recommendations. The motion failed. Senator Ray distributed a proposed committee substitute for this bill which would change the amount of the bond issue for Pioneers' Homes and nursing homes from the \$7,515,000 in the original bill to \$12,015,000.

Senator Ray moved that the committee put out CSSB 479 with individual recommendations.

Amendment by Palmer: On page 2, line 4, insert an item (D) to read: "Construct and equip a Pioneers Home in Homer -- \$2 million"

Senator Palmer's amendment failed, with Senators Butrovich, Palmer and Groh voting in favor of this amendment.

Senator Groh said he personally thinks this bill is fiscally irresponsible.

Senator Ray's motion to pass out CSSB 479 with individual recommendations was adopted.

Members signed the committee report as follows:

"Do Pass"

Senators Ray, Poland, Butrovich,
Sackett

"No Recommendation"

Senator Groh

SJR 39

Senator Ray left the meeting.

Limit
Annual
Approp.

SJR 39 amends the Constitution of the State of Alaska to limit annual appropriations so as not to exceed total estimated revenues.

The committee discussed the resolution briefly.

Senator Butrovich moved that SJR 39 be passed out of committee with individual recommendations. The motion was adopted.

JR 39

Members signed the committee report as follows:

"Do Pass"	Senators Groh, Butrovich, Palmer
"Do Not Pass"	Senator Poland
"No Recommendation"	Senator Sackett

Adjourn The meeting adjourned at 3:40 p.m.

SENATE FINANCE COMMITTEE

April 2, 1974

2:15 P.M.

Present: All members with the exception of Senators Palmer and Sackett.

ADMINISTRATION
OF JUSTICE

Sen. Groh called the meeting to order to close out the budget for the Administration of Justice program category.

Public Referring to the public Defender budget request unit, the
Defender committee accepted the recommendations of the sub-committee,
Sen. Bill Ray chairman. Sen. Groh noted the passage of HB 777 transferred the responsibility of representation in conflict cases to the Court System, and funds allocated to the Public Defender for contractual services could be adjusted. The Public Defender had written a letter concerning this subject, explaining their expenditure for private lawyers was \$144,000 during the last fiscal year. Mr. Grogan was instructed to calculate the distribution of these funds to each district.

One new position was allowed for Administration & Support, Public Defender, a Clerk Typist III. The request for a Fiscal Officer was denied.

Human Rts. The sub-committee's recommendation was increased in Personal
Commission Services and adjusted in other line items for the addition of an Investigator position for Fairbanks.

Prosecu- Sub-committee's recommendations were approved, with the exception
tion of the Third Judicial District where Personal Services and corresponding line items were adjusted for the addition of an Attorney V for Kodiak.

Senator Sackett joined the meeting at 2:45 P.M.

The committee accepted the sub-committee recommendations on the remaining BRU's with some minor decreases.

The meeting recessed at 4:10 P.M.

AFTER RECESS

4:25 P.M.

Present: Senators Groh, Butrovich, Poland, Ray.

Court Sen. Groh called the meeting back to order and noted a letter
System from Richard Barrier, Asst. Administrative Director, Alaska

Court System, explaining deletions which could be made in Contractual Services due to the fact that certain facilities will not be opened in FY 75. An across-the-board cut of \$289,700 was made on Mr. Barrier's recommendation that the Anchorage parking facility, Valdez Court, Sitka Court and Office building, etc., would not be finished, resulting in a savings in maintenance and insurance.

The meeting adjourned at 5:10 P.M.

SENATE FINANCE COMMITTEE

April 3, 1974

9:10 a.m.

Present: Senators Groh, Ray, Butrovich, Sackett, Poland, Palmer, Lewis

DEVELOPMENT

Senator Groh called the meeting to order to close out the budget for the Development program category.

Grants Surplus Property. Note: Check whether transportation costs to (\$40.0) under contractual are included in the purchase price. Communities

Veterans' New Clerk II position allowed. Appraiser II disallowed, with Loan note that reclassification of present positions can take care Fund of appraisal problems. Blue Book figures for Pers. Serv., Travel, Equipment accepted. Contractual approved at \$85.0. Commodities approved at \$5.0.

Agric. Loan Fund Agric. Loan Fund. Clerk Typist position allowed.

State State Fairs Dev. Governor's recommended budget approved. Fairs Senator Ray objected, as he proposes an additional \$10.5 in contractual services.

Plants Materials Center. Agronomist II allowed.

Reindeer Industry, p. 25. Funding: "zero".

Tourism Promotion of Tourism, p. 29. Accept Blue Book recommendations for Personal Services, Travel, Commodities, Equipment, Contractual. Raise Grants, Claims, Shared Revenue from \$40.0 to \$50.0 to include the "Year America" program.

Recess The meeting recessed at 9:43 p.m.

AFTER RECESS

1:40 p.m.

Present: All members present. Commissioner Henri, Department of Administration, and Senate President T. Miller were also present.

SB 511 Senator Groh called the meeting to order and said the committee would hear testimony regarding SENATE BILL NO. 511 (An Act making appropriations to the Department of Administration for employee pay increases; and providing for an effective date). Commissioner Henri explained this legislation appropriates \$2,734,400 for pay increases for employees in the labor trades and crafts bargaining unit.

Commissioner Henri explained the Tri Trades agreement stating that the idea is "equal pay for equal work." They eliminated the 8 steps (in pay ranges) and put all employees on one rate. Tri Trades felt that a person who is on the job and who is productive should receive the same pay as a person who has been employed for a long period of time. Commissioner Henri continued that when they eliminated the pay steps it meant they had to bring all the employees up to the higher step. He stated that the rates in the contract are comparable to other maintenance rates being paid by the City of Anchorage and the City of Fairbanks.

In answer to Senator T. Miller, Mr. Henri said that the contract is in effect right now.

Senator Palmer asked if it is correct that regardless of how many years a man has been on the job if he doesn't pay his dues then he is out of a job. Commissioner Henri stated that this is true but the majority of the members voted this in.

Senator Groh asked if this \$2 million is in addition to what these employees will receive under the APEA raise. Mr. Henri answered yes.

In answer to Senator Sackett, Mr. Henri said the negotiators for the State were Bob Smith, Commissioner of Labor, Pat Hunt, Director of Personnel, and himself. There were also numerous advisors.

Senator Lewis asked about the wage scale. Mr. Henri said the wage scale goes from \$6.37 an hour to \$10.67 an hour. The employees concerned are "blue collar" workers.

In answer to Senator Butrovich, Commissioner Henri stated that overtime is paid at a rate of one and one-half times the hourly rate for anything over 37.5 hours a week.

Instead of a 9 step geographic differential, Mr. Henri said these employees now receive \$1.87 more a day depending on what area of the State they are in -- at Barrow this would be nine times \$1.87 per day.

Commissioner Henri said the benefits are identical to the APEA contract.

Senator T. Miller asked what the approximate across the board increase is for this group. Commissioner Henri said it is about 21% increase for the employees who were at the higher steps -- for those at the lower steps it is more.

Senator Palmer asked if the group would not come back in a few years and request the pay range steps. Commissioner Henri said he had argued this same point during negotiations and the union said they would not. He added that unions operate under this theory -- equal pay for equal work.

Senator Ray moved and asked unanimous consent that SB 511 pass from committee with individual recommendations. Senator Palmer objected. There were four votes to pass the bill from committee.

Senator Palmer and Senator Lewis left the meeting.

SB 512 Senator Groh noted that an error had been made -- SB 511 provided funding for FY 75 while SB 512 provided for funding for FY 74.

SB 513 Senator Groh moved and asked unanimous consent that the
SB 514 committee rescind its action on SB 511 and pass out SB 512 with individual recommendations. No objection, so ordered. (Senators Groh, Ray, Poland and Sackett signed "do pass" and Senator Butrovich signed "do not pass") The committee then considered SENATE BILL NO. 513 (an Act making an appropriation to the Department of Administration; and providing for an effective date) and SENATE BILL NO. 514 (same title). These bills pertain to the Highway Working Capital Fund. Mr. Henri stated it will cost the

Department of Highways more to maintain and operate the equipment because they have to pay more wages (as a result of the Tri Trades Agreement).

Mr. Henri stated that the Legislative Auditor has done an audit on the Highway Working Capital Fund which said they were not charging enough. Mr. Henri said they had used a 5% inflation figure but the cost of gas and oil and the cost of replenishing has gone way beyond 5%.

Senator Ray said he thought the Working Capital Fund is a "terrible program, a disgrace and I wish the State never had it."

Mr. Henri said that the way the legislation is set up they won't be able to carry out this program without this money. Senator Ray said he couldn't see paying three times the amount for something -- he said something is wrong with this program. Mr. Henri added that the Legislature's Auditor had indicated more funds are necessary.

After a brief discussion, Senator Ray moved that SB 514 (providing funds for FY 74) be passed from committee with individual recommendations. No objection, so ordered. (Senators Groh, Ray and Poland signed "do pass" and Senators Butrovich, Sackett and Lewis signed "no recommendation")

SB 517 Senator T. Miller then spoke on SB 517 (An Act making miscellaneous special appropriations relating to criminal justice; and providing for an effective date). Senator Miller said this legislation is the result of detailed staff work to put under one appropriation's bill a variety of components concerning the law and order issues. Senator Miller noted that some of these positions are also funded in the impact budget. In answer to Senator Poland, Senator Groh stated that the positions funded in the impact budget will have to be removed from that budget if the legislation passes.

Senator Ray moved and asked unanimous consent that SB 517 be passed from committee with individual recommendations. No objection, so ordered. (All members present signed "do pass")

CSSB 382 The committee then considered SENATE BILL NO. 382 (An Act relating to assisting pipeline impacted municipalities and providing for an effective date." A Finance Committee Substitute had been prepared and Mr. Miles gave a brief explanation on this. Mr. Miles stated that the Interim Committee had recommended a lump sum appropriation while the Community and Regional Affairs Committee broke this

into three categories: formula grants, capital improvements and loan funds. Mr. Miles stated that the proposed Finance Committee Substitute takes various parts from both bills.

Senator T. Miller stated that if the bill is written to include the communities with large impacts they might exclude a community that really has a problem but if the bill is too broad they might create "a rip-off situation."

Senator Rettig entered the meeting.

Senator Rettig stated that his recommendation is to put out the original bill with the amendment that was prepared by Legislative Affairs.

Discussion followed. The Committee decided the make-up of the Pipeline Committee should be appointed by the presiding officer of each house.

Senator Groh requested that the members give this bill some thought and it would be considered at a later date.

Recess: The meeting recessed at 2:50 p.m.

AFTER RECESS
3:10 p.m.

Present: Senators Groh, Sackett, Poland and Ray.

DEVELOPMENT The committee continued the close-out for the Development category.

Community Planning Asst. On page 43, Senator Ray objected to the deletion of positions with federal funds. However, the committee deleted the funding for this from the personal services figure.

Senator Groh requested the staff to look into the State Econ. Opportunity Office BRU before Free Conference.

Senator Sackett stated that the sub-committee recommendation for Revenue Sharing is -0-. Senator Ray moved the figure of \$9 million. Senator Sackett objected; however, \$9 million was adopted.

LEG. INTENT Rural Development Asst. Grants. On page 60 of the shortform the committee adopted the Governor's figure; however, Senator Sackett moved and asked unanimous consent that this figure include legislative intent that \$40.0 be used for electrical distribution systems for Allakaket and Nikalai. No objection, so ordered.

Adjourn: The meeting adjourned at 3:40 p.m.

SENATE FINANCE COMMITTEE

April 4, 1974

9:15 a.m.

Present: Senators Groh, Ray, Poland, Palmer, Sackett

Elaine Mitchell, Alaska Educational Broadcasting

PUBLIC Senator Groh called the meeting to order to close out the
PROTECTION Public Protection program category.

Office of Consumer Protection, p. 1. Not closed out. This will be taken up later.

Senator Sackett entered the meeting.
Senator Ray left the meeting

Alcoholic Beverage Control Board. Two Clerk Typist positions allowed.

OSHA Program. Analyst Kent Dawson submitted a revised budget for OSHA, for a total of 50 positions. All the separate BRU's for this budget were combined into one BRU.

Elaine Mitchell entered the meeting.

Reg. of Business & Profession, Admin. & Support-Commerce, p. 51. Check ASHA rent. It went from \$29.9 to \$2.6.

Ak. National Guard, Office of Adjutant General, Op. & Train/Army & Navy, p. 79. Governor's revised program approved for this BRU.

Ak. National Guard, Facilities Oper. & Maint, State Armories, p. 85-86. Governor's revised budget approved. Allowed a total of 8 positions, which includes allowing two new custodial workers.

Recess. The meeting recessed at 9:55 a.m.

AFTER RECESS
1:45 P.M.

Present: All members with the exception of Senators Palmer and Lewis.
Eric Wohlforth, representing the Anchorage Area Borough.

SB 476 Sen. Groh called the meeting to order to hear testimony on
SENATE BILL NO. 476 (An Act relating to revenue anticipation
notes issued by cities and boroughs).

Mr. Wohlforth stated the State Affairs Committee Substitute repealed the revenue authorization sections; however, it was his opinion that a new committee substitute should be presented by the Finance Committee and he distributed copies of his recommendations. (See recommendations following minutes.) Explaining the recommended committee substitute, Mr. Wohlforth said the references in Section 1 were new matter, the second section deleted unnecessary references as to when revenue anticipation notes would mature, and the third section repealed debt service limitation.

Sen. Groh asked the problem, to which Mr. Wohlforth replied the language of debt limitation was unworkable for several reasons. Boroughs were unable to determine revenue collected in a fiscal year up to the day, which severely limited municipal borrowing power. Boroughs found it impossible to sell revenue anticipation notes because of the basic limitation as to the amount of notes outstanding at a given time. In the Anchorage Borough, Mr. Wohlforth said they couldn't tell on a given day with precision just what revenues were on hand.

Replying to a question from Sen. Ray, Mr. Wohlforth said the administration had not looked at his recommendations for a committee substitute, but it was purely a municipal matter and did not affect the state. Sen. Groh said he could see no harm in it, as the obligation to repay was still there and the limitation was maintained to be unworkable anyway.

Sen. Groh moved and asked unanimous consent to pass Committee Substitute for CSSB 476 from committee with individual recommendations. Sen. Ray objected, saying he would like the Attorney General's opinion on Mr. Wohlforth's proposed committee substitute. Sen. Sackett agreed. Mr. Wohlforth was asked to check with the Attorney General for his opinion and to return to the committee with this information.

The meeting recessed at 2:00 P.M.

CS FOR CS FOR SENATE BILL NO. 476
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An act relating to revenue anticipation notes issued by cities and boroughs."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

Section 1. AS 29.58.010 is amended as follows:

A municipality of the state which is authorized to incur indebtedness may borrow money [in a fiscal year] to meet appropriations for [that] any fiscal year in anticipation of the collection of [taxes and estimated] the revenues for [the fiscal] that year but all debt so contracted shall be paid before the end of the next fiscal year [and may issue its] Revenue anticipation notes may be issued as evidence of the borrowing.

Section 2. AS 29.58.020 is amended to read as follows:

The governing body of a municipality may be ordinance or resolution, authorize the issuance of revenue anticipation notes and prescribe the form and details of the notes and the manner of their execution. The governing body of the municipality may delegate to its chief fiscal officer the power to issue the notes from time to time under the terms and conditions of the ordinance or resolution which provides for the manner of their sale. [Revenue anticipation notes and notes issued to renew notes previously issued mature not later than the end of the fiscal year in which they are issued.]

Section 3. AS 29.58.030 is repealed.

AFTER RECESS
2:00 P.M.

Present: All members with the exception of Senator Lewis.
Robert Van Houte, Lobbyist, NEA-Alaska, Inc.; Elaine Mitchell,
Educational Broadcasting reporter.

SJR 64 Sen. Groh called the meeting to order and brought SENATE JOINT
RESOLUTION NO. 64 (Relating to satellite communications for
remote Alaskan communities) before the committee for discussion.

Sen. Sackett explained RCA was going to put up a domestic satellite
in about two years, and the Public Health Service was putting in
about 51 ground satellites. The resolution asked RCA to put in
a transponder in order to use small dishes in bush areas. RCA
does not want to do it because of cost, but if they don't every
village would need a large dish.

Sen. Sackett moved SJR 64 be reported from committee with a "do
pass" recommendation, and the committee voted unanimously to
accept his motion.

SB 504 SENATE BILL No. 504 (An Act creating the Public Communications
Commission) was brought before the committee. Sen. Sackett
explained this bill would bring all communications commissions
under one commission, thus avoiding multiple duplications within
the state. Kent Dawson said the effect would be to save money
by reducing commissions. At present there are nine commissioners
for educational broadcasting commissions, with a director for
each commission. About \$80-90,000 in per diem and travel would
be saved by the consolidation of commissions.

Sen. Palmer questioned buying time for educational broadcasting
purposes, to which Sen. Sackett replied this would be one of the
general powers of the telecommunications system for the state and
was listed on page 3, Duties & Powers of Commission. Sen. Groh
asked about repealing other commissions, and Sen. Sackett said
there was no such provision in the bill.

Sen. Groh suggested an amendment to page 1, line 16, changing
"without regard to political affiliation" to "with memberships
from each political party." After discussion, the committee
decided not to amend this language.

Sen. Groh moved and asked unanimous consent to change the per
diem amount on page 1, line 22, from \$100 per day to \$35 per
day. No objection, so ordered.

Sen. Sackett moved SB 504 as amended be passed from committee with a "do pass" recommendation, and the members voted unanimously to accept this motion.

SB 505

SENATE BILL NO. 505 (An Act providing for the issuance of general obligation bonds in the amount of \$6,000,000 for the purpose of paying the cost of telecommunication equipment) was brought before the committee.

Sen. Sackett explained RCA indicated that under their present schedule they would not be able to deliver private telephone service for 15 years to rural Alaska, and TV was expected to be available in 25 years. The Aleutian Island chain was the area most affected. Sen. Sackett's feeling was that if rural Alaska was ever going to have communications, the state should participate as a service to the public. He felt the bill should be introduced now to use in about two years.

Sen. Groh questioned which areas would be served by the expenditure of \$6,000,000, to which Sen. Sackett replied the commission would work on a list of where funds should be spent. Mr. Van Houte said he thought \$6 million was a very modest amount. There are at least 200 villages in the state who were potential recipients of the satellite dish, added Mr. Van Houte, and would serve the Aleutians. Sen. Ray said the state was putting out about \$1.5 million for systems which did not work adequately, and the communications budget would eventually be cut by this bond bill.

Sen. Ray moved SB 505 be reported from committee with individual recommendations, motion adopted.

The meeting recessed at 2:20 P.M.

AFTER RECESS
2:20 P. M.

Present: All members with the exception of Senators Lewis and Ray.
Don Moyer, Director, Institutional Studies; Dick Holden,
Facilities Officer, University of Alaska

SB 283 Sen. Groh called the meeting to order for discussion of
COMMITTEE SUBSTITUTE FOR SENATE BILL No. 283 (An Act providing
for the issuance of general obligation bonds in the amount of
\$39,048,000 for the purpose of paying the cost of capital improve-
ments for the University of Alaska).

The committee questioned the changes made by the Health,
Education and Social Services Committee in the committee
substitute, and Mr. Moyer distributed an analysis of the
proposed additions and deletions from the Governor's original
bill. Sen. Palmer noted the Health Occupations Building added
by the HESS committee for \$4.5 million and asked if this would
duplicate any facilities of AMU, to which Mr. Moyer said no.
The committee also noted the addition by the HESS committee of
\$2 million for a law school building.

Sen. Groh referred to the committee substitute which listed
allocation of funds for each project as follows:

- (1) Fairbanks Research construction, \$50,000. No questions or
objections from the committee.
- (2) Fairbanks environmental equipment, \$10,000. No questions or
objections from the committee.
- (3) Fairbanks equipment purchase, \$33,000. No questions or
objections from the committee.
- (4) Fairbanks physical plant building fire protection, \$150,000.
Mr. Moyer explained there was a need to bring the building up to
the Fire Code with the addition of a sprinkler system and fire
detection equipment. All of the lower campus buildings are now
equipped with detection systems, and the University has been
working with the State Fire Inspector to bring the buildings up
to an acceptable level.
- (5) Fairbanks, Patty Building life safety improvements, \$175,000.
Mr. Moyer said this building was a hazard with steps cracking,
and improvements were needed.
- (6) Fairbanks, utilities monitoring system, \$200,000. Funds
needed to set up new facilities with a monitoring system to
automatically lower the heat level when not in use. The system
would provide data for the physical plant staff when equipment

was malfunctioning, and would save initially \$40,000 in staff salaries. Savings would also occur later in operations and maintenance with the addition of this new system.

(7) Fairbanks, fire alarm system completion, \$250,000. Mr. Holden explained the University has a fire department on campus, but the Uniform Building Code required that certain classes of buildings be protected in certain ways. A reporting method was required when the buildings were unoccupied, and these detection systems would report fires. The fire alarm system would save money in insurance, and improvements in fire reporting has already saved the University \$100,000 over three years in insurance.

(8) Fairbanks - consolidation of food service facility, \$750,000. Mr. Holden said the present food service facility is extremely old and hazardous. The University has requested a new museum building in another bond issue, which would shift the present museum to the lower campus and take the present food facility from the building. Consolidation of food services would save in overhead by simplifying handling of food and would save operating costs. In this move, the University could handle food service efficiently and deal with the problem without the new museum building.

Sen. Sackett noted the committee had heard testimony that there was no need to increase the food facilities. Mr. Moyer stated the consolidation would bring maximum economy to the situation. Even with the initial expense, it was his opinion a savings could be realized in about six years. The committee discussed which kitchen should be closed and whether the consolidation would save money.

Referring to the bond package for the University, Mr. Holden said \$400,000 was requested for a new museum. The present museum building has been condemned by the State Fire Marshal, and it was not worth \$1 million to remodel the old building.

Sen. Palmer said he had heard meal tickets were too expensive at the University, which was one of the reasons food facilities were not used to capacity. Mr. Moyer said the University is contemplating eliminating meal tickets as a requirement and the students would then use the snack bar or other facilities for meals. At present the University has three food facilities, with a maximum capacity of 1,300 or 2,600 on a double-shift basis. They are currently serving 1,150 students.

(9) Fairbanks - heating plant anti-pollution equipment, \$200,000. No questions from the committee.

(10) Fairbanks - sewer lift station, \$75,000. Mr. Moyer said these funds would be used to take the sewer from the lower plant area into the standard sewer station.

(11) Fairbanks - roof replacements, \$90,000. Mr. Holden explained roof replacements were needed for Wickersham, Stewart and Constitution Halls at \$30,000 each.

(12) Fairbanks - well and discharge line, \$200,000. Funds were needed to meet needs for water since the University currently has only one good well.

(13) Fairbanks - Duckering Building remodeling, \$300,000. Mr. Holden said the building was 13 years old and better utilization of the building could be realized by remodeling.

(14) Fairbanks - Bunnell Building remodeling, \$850,000. Mr. Holden explained lighting and acoustics needed remodeling in this building, and it was proposed to make it into a two-story building.

(15) Fairbanks - Chapman Building remodeling, \$250,000. One of the oldest buildings on campus, and Mr. Holden said heating and washroom facilities should be remodeled.

(16) Fairbanks - Patty Building addition, \$100,000. An addition in the Patty Building would be for gymnastics, wrestling, and equipment storage. Mr. Holden added funds would be used to replace tile on the rifle range, improve the mechanical system, water-proof the pool and shower area.

Sen. Palmer said he would have to leave the meeting shortly, and wished to refer to No. 47 on page 4, \$300,000 for an agricultural research center at Homer. He noted there were several buildings and the center was well established but several additional things needed to be done to make it a workable situation. Mr. Holden agreed, and said the access road was virtually a swamp and additional acres needed to be cleared. Sen. Palmer requested the \$300,000 figure be increased to \$700,000. Sen. Palmer left the meeting at 3:00 P.M.

Sen. Groh asked if the University had set up standards for community colleges. Mr. Moyer explained the present community college law required community colleges to make requests to the University. Sitka, Ketchikan, Kodiak, Mat-Su and Bethel are fully authorized and going, with a request for a community college from Kotzebue which is under study. He was not sure if they would qualify, and the Board of Regents was developing rules at the present time for qualification. Sen. Groh noted the number of students was relatively minimal, and the state could not afford community colleges across the state. The committee discussed the situation, and Mr. Moyer said the

cost problem was one the legislature would have to resolve. Sen. Groh argued the University had the responsibility to develop standards. Sen. Butrovich noted he preferred the community college idea rather than building miles of dormitories to house students in Fairbanks and Anchorage. At present the dormitories were 75% occupied, with freshmen students required to stay in dormitories.

The committee returned to the committee substitute and referred to (17) Fairbanks - dormitory upgrade, \$300,000. Replying to a question from Sen. Groh, Mr. Moyer said there was a shortfall of 12% in enrollment this year.

(18) Fairbanks - warehouse, shop and chemical storage expansion, \$1,000,000. Mr. Holden said this area has not been up-graded or expanded since 1960 and the maintenance shop is over-crowded. The Fairbanks campus is a small city, providing their own snow-removal and fire department, and the over-crowding of storage facilities has prevented the University from buying in bulk. The expansion would result in a 30,000 sq. ft. increase. Sen. Groh noted the committee had heard testimony that this expansion was not needed. Mr. Holden replied the committee had probably heard this from students, and it had taken him 12 years to ascertain what is needed at the University.

(19) Fairbanks - library, fine arts safety modifications, \$250,000. Mr. Holden said the University is involved in a law suit for \$880,000 with the architect who designed this building, Francis Mayor. The building was designed in violation of the Uniform Building Code and the Fire Marshal condemned it the minute it was completed. The architect was warned by the University, but he neglected to follow advice.

(20) Fairbanks - laboratory equipment, various, \$400,000. Mr. Holden said funds were needed for equipment for the Institute of Marine Science, with matching funds coming from the federal government.

(21) Fairbanks - East Entrance road improvements, \$350,000. No questions from the committee.

(22) Fairbanks - Gruening Building completion, \$225,000. Mr. Holden said the building was partially completed in 1968, but there were problems with the contractor.

(23) Nome - site improvements, equipment, \$80,000. Mr. Holden explained the site required many improvements.

(24) Kotzebue - extension center and community college building, \$750,000. There were no questions from the committee.

(25) Anchorage - health occupations building, \$4,500,000. Mr. Moyer explained this would be an academic building for the Anchorage campus, with classrooms, laboratory, and facilities for health occupations.

(26) Anchorage - law school building, \$2,000,000. Mr. Moyer noted this was added by the HESS committee, and Sen. Groh asked if the University planned to add a law school. Mr. Moyer said they did not. Sen. Groh moved and asked unanimous consent to delete this item. No objection, so ordered.

(27) Anchorage - campus center complex, \$9,500,000. It was explained to the committee that this was a physical education facility to serve the campus. An Advisory Committee has studied the needs, and the emphasis will be on an athletic facility for all to use rather than specializing in one event. The proposal calls for a basketball court, an ice rink, and a pool area. Phase I calls for \$9.5 million, and if a pool was added an additional \$4 million would be required for Phase II.

The meeting recessed at 3:25 P.M.

HIGHER EDUCATION/UNIVERSITY OF ALASKA
 PROPOSED FY 1975 CAPITAL BUDGET
 STATEWIDE AND REGIONAL SUMMARY

	General Obligation Bonds	Revenue Bonds	General Fund
Statewide Research	\$1,200.0		
Statewide Research Supplemental	93.0		
Southcentral Region	17,737.0	\$10,500.0	
Southeastern Region	3,975.0		
Northern Region	<u>6,195.0</u>	<u> </u>	<u>\$70.0</u>
	\$29,200.0	\$10,500.0	\$70.0

PROPOSED ADDITIONS TO GOVERNOR'S RECOMMENDATIONS:

Southcentral Region:

Kuskokwim (Bethel) Community College, Phase II	\$1,600,000
Kenai Community College, Phase III	1,350,000
Kodiak Community College, Phase III	1,000,000
Mat-Su Community College, Phase III	750,000
UAA Health Occupations Building	4,500,000
UAA Law School Building	2,000,000
UAA Land Acquisitions - O'Malley Road	400,000

Northern Region:

Kotzebue Extension Center & Potential Community College Building	750,000
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PROPOSED DELETIONS

UAA Classroom and Laboratory Building	2,400,000
Bethel Community College Site Improvements and Equipment	<u>80,000</u>

NET ADDITIONS:

\$9,870,000
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AFTER RECESS

3:35 p.m.

Present: Senators Groh, Ray, Poland, Sackett, Butrovich

Don Moyer, Director, Instructional Studies; Dick Holden, Facilities Officer, University of Alaska. Representative Genie Chance, Murray Anderson, Executive Director, ARCA (Alaska Retarded Childrens' Association).

CSSB 283

Senator Groh called the meeting to order and continued the review of CSSB 283 which is a \$39.048 bond issue to pay the cost of capital improvements for the University of Alaska, starting on page 3, Item (28).

Referring to Item (37), Providence Avenue improvements, Mr. Holden stated that this item is an assessment from the City of Anchorage. Senator Groh questioned Item (40), land acquisition for a community college in Anchorage at \$100.0. Mr. Moyer stated that this is part of the land trade deal being proposed with the Native Health people who are planning a hospital. He said the University has 15 acres near Providence Hospital which they would trade for other property for a future community college.

Senator Groh questioned Item (41) land acquisition on O'Malley Road in Anchorage for \$400.0.

Senator Groh moved and asked unanimous consent that Item (41) be deleted. No action was taken on this motion.

Mr. Holden explained that the existing college will have 7500 additional students by 1978, and there is not enough space or room to park cars. He said they would propose to build a new college to serve the south part of Anchorage.

Senator Groh pointed out there is land available in the Campbell airstrip area. Why not use that? Mr. Moyer replied that they have filed a request for about 400 acres of land in that area, and the BLM is still looking at it. Mr. Moyer replied that the Campbell Airstrip land is not far enough south for their purposes.

Senator Groh questioned items (51) through (54) concerning land and buildings for Juneau. With respect to Item (51), Juneau-occupations building, Mr. Moyer explained it is to provide a technical careers occupation building at the Auke Lake campus to meet the needs for this type of program in the Juneau area. He said the University has about 25 acres of land at the Auke Lake campus now. About two-thirds of this is being used now, but not all the land is buildable. He stated there is an additional 50 acres of privately-owned land in the area they would like to acquire. Mr. Holden said the land is zoned single family residential. He thought it would go off the market before long.

Referring to Item (53), Juneau-roads, streets, parking, Mr. Moyer explained that is for the downtown center. The land, which has already been purchased, is located in the urban renewal area, and the first phase is under design. This is to complete that facility which will accommodate programs for people who work in downtown Juneau. They paid \$135,000 for the property earlier this year.

Senator Groh was opposed to operating two community college facilities in a town as small as Juneau. He noted that they have only 317 students in the Juneau-Douglas college. He didn't think a second facility "for convenience sake" was justified.

Answering Senator Groh, Mr. Moyer stated that about 200 of the 317 students attend courses in town, as opposed to the Auke Bay facility.

Senator Sackett asked if the legislature had approved any buildings for construction in Juneau in 1972. Mr. Moyer replied that Auke Bay got \$2 million for Phase II of its project, and \$800,000 was allocated for the downtown center, of which \$135,000 (land purchase) has been spent.

Item (55), building expansion for Ketchikan. Senator Groh questioned the necessity, noting that there were only 150 full time students. He stated that Ketchikan has a population of 9,000 people. How much have they spent? Mr. Moyer replied "\$1.25 million."

Item (56), Community College Phase II for Sitka. Senator Groh questioned this item, remarked that we already have one college there (Sheldon Jackson) which is going broke. There are only 60 full time students. Mr. Moyer replied that "these communities are developing these programs."

Mr. Moyer reported that he has revenue projections available if the committee would care to review them. The committee did not desire to do so at this time.

Answering an inquiry from one of the university representatives, Senator Groh stated that Myrt Charney's office has now reviewed the revised budget request of the Southcentral Region (requesting an additional \$1 million) and has determined that no part of that amount should be approved. He said the committee will be considering that request, and he would be pleased to contact the gentleman when the date was set.

Senator Groh thanked the men for their presentation and announced that Representative Genie Chance would like to address the committee.

Representative Chance introduced Murray Anderson, the Executive Director of the Alaska Retarded Childrens Association. She advised that ARCA is having a problem in raising approximately \$300,000 to construct a sheltered workshop.

Representative Chance explained that ARCA operates a sheltered workshop and vocational program for mentally-retarded school children. They are currently operating in a facility on Fifth Avenue in Anchorage, for which they pay \$2500 a month. This facility is inadequate, and they will be unable to lease it next year.

Senator Groh asked Representative Chance to prepare a memo for the committee indicating what the ARCA structure is, what will be accomplished, etc.

Mr. Anderson listed the following as monies they have available:

\$30,000 in a building fund; obligations for \$100,000 in Hill-Burton funds, and a match for \$359,000; obligation for \$200,000 from Office of Voc. Rehab; an SBA loan of \$200,000, for a total of \$889,000. Total cost of the building is \$1.215.

Amount Needed: \$326,000. Mr. Anderson explained that the building would serve close to 200 people.

Senator Sackett asked if they got operating moneys from the state for their operation. Mr. Anderson replied that they do receive some funds from Office of Voc. Rehab, and Developmental Disabilities. He said they also have programs in conjunction with the local borough school district, in which part of the training is in the sheltered workshop.

Senator Groh requested that Representative Chance provide the committee with a written request for these funds. He thanked her for calling this to the committee's attention.

PUBLIC
PROTECTION

CLOSE OUT

The committee then took up the Public Protection budget category to finish closing it out. They started on Page 100, Plant Industry.

Page 105, Traffic Safety, Driver Licensing. Senator Groh questioned the contractual amount, particularly the cost of the Polaroid contract which he felt was too high at almost \$80.0. He asked Budget Analyst Kent Dawson to check into that, noting that perhaps we should consider buying the cameras.

The remaining BRU's of this category were closed out.

Senator Groh stated that the Attorney General has written a note that Mr. Wohlforth's proposed committee substitute for SB 476 does not conflict with other laws of the State, so they will take this bill up tomorrow.

Senator Groh scheduled the budget close out for the Resources category for 9 a.m. tomorrow, at which time he would also like to take up the Deering School.

Recess

The meeting recessed at 4:15 p.m.

SENATE FINANCE COMMITTEE

April 5, 1974

9:15 a.m.

Present: Senators Groh, Ray, Palmer, Poland, Sackett, Butrovich

Senator Willie Hensley

SB 320

Appr. for
Deering
School

Senator Groh called the meeting to order and stated that the committee will take up Senate Bill 320 which makes a special appropriation to the Dept. of Education, State-Operated School System, for a school at Deering, Alaska. The amount of the appropriation is \$400,000.

The committee briefly discussed the bill. Senator Butrovich said Senator Hensley is talking about \$475,000, rather than \$400,000 for this school.

The committee had a brief recess while Senator Ray went to find Senator Hensley. Senator Hensley arrived at the meeting, and explained that he felt a school could be built for \$650,000. With the insurance receipts of \$171,000, he felt that \$475,000 would be adequate for the bill.

Senator Palmer moved that Senate Bill 320, as amended to \$475,000, be moved out of committee with a "do pass" recommendation. The motion was adopted.

Members signed the committee report as follows:

"Do Pass with Attached amendment"	Senators Groh, Ray, Poland, Butrovich, Sackett, Palmer
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Senator Hensley left the meeting.

SB 476

Revenue
Anticipation
Notes issued
by Cities &
Boroughs

Senator Groh announced that the committee will now consider Senate Bill 476, which relates to revenue anticipation notes issued by cities and boroughs. He said the bill is to resolve an existing ambiguity in the law. Senator Groh stated that he has received a written opinion from the Attorney General's Office that the committee substitute proposed by Eric Wohlforth is o.k., insofar as it does not appear to conflict with the Constitution or other statutes of the State.

The Committee discussed the bill briefly. Senator Ray voiced doubts about this bill, as did Senator Sackett.

Senator Ray moved that CSSB 476 be reported out of committee with individual recommendations, and that it be referred to the Judiciary Committee. The motion was adopted.

Members signed the committee report as follows:

"Do Pass"	Senators Groh, Palmer
"No Recommendation"	Senators Ray, Poland, Butrovich, Sackett

SB 457

Student
Boarding
School
Costs

Senator Poland spoke in favor of adopting SB 457, which provides that the Board of Education can enter into contractual agreements with the BIA or with a school district to share boarding costs of secondary school students.

Senator Poland explained that the local people have to pick up the whole tab for boarding students who reside within organized boroughs. She mentioned that the Kodiak Island Borough consists of the whole island. This bill would enable the State to share the cost (50-50).

Referring to the fiscal note, Senator Groh questioned where the 80 students from the North Slope would be sent. Senator Poland said she would assume it would be to Fairbanks or Nome.

Senator Groh asked who pays the boarding costs now. Senator Poland replied that the borough picks up the entire cost for boarding the students. Johnson-O'Malley funds do not cover this. Senator Sackett remarked that this brings up the issue that if we pass this, we will have to provide general fund monies for State-Operated Schools boarding costs too, because JOM won't fund that.

Referring to the 80 students from the North Slope, Budget Analyst Rich Guthrie stated that if these students were sent to Fairbanks, Fairbanks would get Foundation support to educate them, but the North Slope borough would have to provide the cost of boarding them.

Senator Groh said he would like to take this bill up later. This will give them an opportunity to see whether the figures on number of students are accurate.

Recess.

The meeting recessed at 9:45 a.m.

AFTER RECESS

1:50 P.M.

Present: Senators Groh, Ray, Poland, Palmer.

GENERAL
GOV'T. Senator Groh called the meeting to order to close out the budget for the GENERAL GOVERNMENT program category.

The sub-committee's recommendations were accepted with the exception of the following:

Internal Audit - \$210.6 allowed for Personal Services, allowing two new positions, Internal Auditor IV (federal funds) and Internal Auditor III (state funds). Sen. Palmer asked that this element be reviewed and re-opened if necessary, and the committee agreed this could be re-opened.

Sen. Butrovich joined the meeting at 2:10 P.M.

Recruitment & Exam - Psychometrist allowed under Contractual Services, no other positions allowed.

Employee Relations - Two new positions allowed, with the stipulation the element may be re-opened to cut these positions.

Administration & Support - Deputy Director deleted.

Accounting Services - No new positions.

Purchasing - Storekeeper II positions allowed for total Personal Services of \$440.0.

Administration & Support (Svc. to State Agencies) - Allowed
AJIS Director (federal funds) per RP 73-199.

Recess: The meeting recessed at 3:05 P.M.

AFTER RECESS

3:15 P.M.

Present: All members with the exception of Senators Lewis and Sackett.

Legal Services - Operations - Land Claims attorney position disallowed, for a total Personal Services recommendation of \$1,508.3.

Excise Taxes - The Governor's recommendation had been changed to allow two new Revenue Auditors, and the Finance Committee agreed to the addition. Personal Services \$98.1, Total \$272.0.

Motor Vehicle Registration - After discussion, the committee agreed to allow four positions, tentatively estimated as a total of 51 positions + 3 part-time. Kent Dawson would re-check position totals.

Property Tax - Six positions allowed: Director and Secretary, 2 Appraiser II's, and 2 Clerk Typists. \$100.000 allowed in Contractual, \$50.0 for consultant costs and \$50.0 other.

Sen. Ray left the meeting at 4:00 P.M.

Support to State Agencies - Allowed Electronic Technician, Anchorage and Electronic Technician allowed by RP 74-13 (one position to be funded from the International Airport Revenue Fund).

The meeting adjourned at 4:25 P.M.

SENATE FINANCE COMMITTEE

April 7, 1974

1:15 p.m.

Present: Senators Groh, Ray, Butrovich, Poland, Palmer

Senator Groh called the meeting to order to close out the General Government budget category, and to start the Resources close out.

GENERAL
GOV'T

Highway Working Capital Fund, Operations, Central District: Accepted blue book figure of \$2.385, with no line item breakdown. This will allow for 76 permanent employees (4 transfer ins) and one permanent part-time position requested.

Interior District, p. 170. Blue book figure of \$2.130 allowed, which will allow 59 positions

Southeastern District. Blue book figure of \$690.0 approved. This will allow for 25 positions.

Western District. Accept blue book figure of \$405.0. This will allow for seven full-time positions and 2-1/2 part-time positions.

Southcentral District. Blue book figure of \$1,310 adopted. This will allow 35 full-time and five part-time positions.

Admin. & Support. Blue book figure of \$5,188.0 allowed. The requested 1/2-time position was allowed.

Governor's recommendations adopted for remaining BRU's.

RESOURCES

Commercial Fish Entry Comm, p. 2: Blue book figures accepted for all line items except Contractual Services. \$18.0 was added to the Contractual line item for increased rent in the Skinner Building.

Intl. Fisheries Comm. Blue book figure accepted.

Water Management. Blue book recommendations accepted.

Cadastral Engineering. Both requested positions denied. Personal Services reduced to \$354.1. Travel of \$15.0 approved. Contractual services: Senator Groh moved that \$100.0 be approved for Contractual. Senator Palmer recommended \$110.0. Senator Butrovich recommended \$114.0, which was approved.. \$7.0 allowed for Commodities and \$12.0 for equipment.

Administration, p. 28. No new positions allowed; Personal Services reduced to \$260.2. Sub-committee recommendation of \$3.5 for Travel accepted. \$180.0 approved for Contractual, \$33.0 for Commodities and \$1.2 for equipment.

P. 30, Geophysical Program. Senator Palmer stated that Deputy Commissioner Fackler advised him that \$50.0 could be cut from Contractual for the second year of a geophysical contract with USGS. The committee decided to leave that amount in, with a note that if it is not needed for this contract, it should not be spent for other items. Governor's figure approved.

Geological Invest., p. 34. Travel reduced to \$110.8, Contractual to \$173.4. Governor's figures on remaining items approved.

Fire Protection & Suppression. All requested positions denied. Personal Services reduced to \$140.0; Travel reduced to \$37.0; Commodities to \$20.0. \$7.4 allowed for equipment. This will allow for one all-terrain vehicle, rather than two. Miscellaneous reduced to zero.

Contractual: The committee discussed this item at length. The committee approved only \$100.0 for contractual, deleting the prepayments to BLM for fire suppression, since BLM already has \$1.3 million of the State's money that is to be refunded (prior year's overpayments). The feeling was that BLM could be paid from that amount.

Administration, P. 51. Governor's figure approved. The committee added a note to this BRU to the effect that it is desired by the Legislature that sales to small operators of cut dimension lumber for local utilization be emphasized.

Mat-Su District, p. 62. Blue book figure of \$149.1 total approved. The part-time Auto Equipment Operator was denied. Other requested part-time positions allowed.

Interior District, P. 72. Blue book figures approved.

Historical Preservation, P. 78. Governor's figure approved. Senator Poland called attention to the fact that Benny Benson's grave was not marked. The Committee added an intent here to the effect that a marker for Benny Benson's grave should be provided from this BRU.

Administration, P. 80. Both new positions disallowed. Personnel Services reduced to \$104.4. Governor's recommendations accepted for remaining, except equipment which was reduced to \$4.0.

Land Use Planning, P. 82. Accept Governor's figures, except for Contractual which was reduced to "0" to delete a Highway Engineer III.

Joint Commission, P. 84. \$450,000 approved. This reduction is contingent upon not violating any previous commitment to the Federal Government for this funding.

Recess

The committee took a recess from 3:00 to 3:25 p.m.

Commercial Fish, Research, P. 90. This BRU was discussed but skipped because no agreement was reached.

Commercial Fish, Management, P. 92. BRU skipped. The committee will come back to it later.

Investigation/Research, P. 98. No new positions allowed. Personnel reduced to \$1.383.5. Blue book figures for contractual, commodities adopted. Sub-committee recommendation of \$165.0 for travel approved. Total budget \$2.307.0.

Management, P. 99. No new positions allowed. Personal Services reduced to \$107.1. Blue book figures for travel and commodities approved. Contractual set at \$73.5, equipment at \$2.0.

Hunter Safety, P. 102. Governor's figures accepted for everything except Contractual. \$10.0 was deleted from contractual by the sub-committee to delete the shooting range.

Sport Fish, Research, P. 108. Senator Ray remarked that this BRU appears plenty fat. Senator Groh passed around a letter signed by Governor Egan which requested that all items in his recommendation be brought back up to the department's request, with the exception of Personal Services, which he recommended be raised by \$40.0. The committee adopted this recommendation, for a total budget of \$1.210.7, as he felt this agency is over-staffed. Senator Butrovich argued that it is all license money. Also, we will lose Dingle-Johnson money if we don't match it.

Sport Fish, Mgmt., P. 110. Governor's figure approved. Senator Ray said we're just wasting money, as they have a vacancy factor of \$33.0. Senator Butrovich pointed out there is not a dime of general fund money here. Senator Ray said we don't have to spend it all in one year.

Fire Lake-Ft. Rch., P. 120. Blue book figures approved. Positions recommended by Governor allowed.

Crystal Lake, P. 122. Blue book recommendations allowed.

Fish Hatcheries, Adm., P. 124. New position demied. Personal Services reduced to \$48.3. Blue book recommendations adopted for travel, commodities, equipment, and miscellaneous. Contractual reduced to \$3.2.

Anadromous, P. 128. Personal Services set at \$670.8; Travel at \$28.0; Contractual at \$245.0; Commodities at \$245.0; Equipment at \$20.0; Fisheries Technician III for Big Lake deleted.

P. 130, Economic. Budget total reduced by \$1.0.

P. 132, Admin. & Support, FRED. Personal Services \$123.8; Travel \$5.8; Blue Book figures for Contractual, Commodities, Equipment. 6.3 full time positions approved. Allows Admin. Assistant. Disallowed Clerk and temporaries.

P. 138, Ofc. of Commissioner. Personal Services reduced to \$117.2; Travel set at \$15.0, Contractual \$7.0; Governor's figures for Commodities & Equipment. Requested position established as an Administrative Assistant rather than a Special Assistant.

P. 140, Info. & Educ. Governor's figure for Personal Services. Requested positions allowed; Travel reduced to 3.2; Contractual to \$12.0; Commodities \$3.2; Equipment .5.

P. 142, Admin. Services. Governor's figures for Travel, Commodities and Equipment. Personal Services reduced to \$462. EDP Programmer II allowed (RP). Contractual Services reduced to \$621.2. This allows \$15.0 for the Children's Zoo and deletes \$140.0 for moving expenses to Goldstein Bldg., as the department is not moving.

P. 144, Engineering. Personal Services reduced to \$82.0. Requested Engineering Tech. IV not allowed; Travel set at \$1.1; Governor's figures for Contractual & Equipment. Total of 3 existing positions allowed.

P. 146. This BRU was skipped. Committee will get back to it.

P. 156. Blue Book figures adopted, which disallowed requested positions. Budget Analyst Groghan called attention to the fact that the positions listed on P. 149 should have been on this page, and they are RP's.

Enforcement, P. 158. Blue book figures approved. Allow four new trooper positions, and 13 additional positions for vessel operations. The 13 positions amount is included in Contractual in blue book.

Director's Office, P. 160. Blue book figures accepted.

Aircraft Section, P. 162. Blue book figures for Personal Services, Travel, Contractual and Equipment accepted. Commodities raised by \$35.0 based on a letter request from Pat Wellington concerning fuel costs. Senator Ray stated that he had raised the Commodities to \$9.7 to allow \$5.0 for new floats for the planes.

P. 166, Water Quality. Sub-committee recommendation, which is same as Governor's figure approved.

Air Quality, P. 168. Contractual reduced by \$1.0 on sub-committee recommendation.

P. 170. Governor's figure, which is same as sub-committee recommendation, approved.

Radiation, P. 174. Position cut. Budget reduced to "0".

P. 182, Estuarine & Inland Water. Personal Services reduced to \$150.0; Travel \$15.0; Contractual \$55.0; Commodities \$9.0; Equipment \$7.5. See Senator Ray's blue book comments.

Land Use & Urban Dev., P. 184. Personal Services reduced to \$35.3; Travel to \$3.0; Governor's figures on Contractual and Commodities.

P. 186, Pipeline Eng. & Munit. Senator Butrovich suggested that we disallow the Director position until we get better information. It seemed strange to him that there needed to be a director with only three total positions. (Note: No requested positions appear on the short form). Budget recommended by Governor tentatively approved.

Terres. Eco. & Env. Mgmt., P. 188. Budget reduced to "0" by unanimous committee consensus.

Ofc. of Commissioner. On recommendation of Senator Butrovich, Contractual Services reduced by \$10.0.

Admin. & Support, Prince William Sound. Note: find out where requested position is to be located, and what he will do.

The committee accepted the Governor's recommendations on the remaining BRU's and adjourned at 5:35 p.m.

Adjourn

SENATE FINANCE COMMITTEE

April 8, 1974

9:15 a. m.

Present: All members except Senator Butrovich.

TRANSPORTATION

Senator Groh called the meeting to order and said the committee would close out the Transportation budget.

Southeast Region

Vessel Operation On page 4 of the shortform the committee added 48.0 for sewage pumps to code 500.

Southwest Region

Vessel Operation On page 8 of the shortform the committee included 5.0 for sewage pump to code 500.

Aleutian

Island The committee changed the name of the BRU Aleutian Island to Ferry Subsidy and allowed \$25.0 for Tenakee and \$35.0 for the Aleutian Island.

Senator Butrovich entered the meeting.

Anchorage

International Airport

Senator Groh stated that the Red Book indicated the fees at the Anchorage Airport have not been raised for 20 years. He asked the staff to check into this.

Senator Lewis noted the procedure for collecting \$1.50 for landing fees at Fairbanks. He asked the staff to write a letter to the Fairbanks Airport asked how much it costs (in staff time, etc.) to collect this fee.

Senator Sackett suggested cutting out the vehicle parking fees in Anchorage and this was briefly discussed.

Senator Ray moved the Governor's figures for the Anchorage and Fairbanks International Airports. No objection.

Trunk & Secondary Airport

Maintenance & Operations

Regional Operations The committee discussed the new positions requested in this BRU. Senator Palmer said he would like to contract out as much of this work as possible. Senator Lewis agreed. Both Senator Lewis and Senator Groh did not feel there was a need for a full time worker at Birchwood. The committee left this BRU open.

Administration The Administration BRU (page 46) was also left open.

Administration & Support

General Design On page 52, the Committee allowed 20.0 to provide a presentation on planning to the legislature on a priority schedule on bush airports.

Admin. & Support

Administration The committee left the BRU open on page 56.

Senator Palmer and Senator Lewis left the meeting.

Admin. & Support

Admin. Division On page 62, Senator Sackett left like personal services should be lower than the Governor's request because they had eliminated 2 accounting positions and transferred 5 positions to another area. However, the committee adopted the Governor's request.

Highways

Maintenance

SE District On page 84, the committee allowed 17.0 for seasonal workers. The committee allowed 45.0 permanent full time positions, and 13.0 permanent part time positions.

Recess: The committee recessed at 10:35 a.m.

AFTER RECESS
11:00 A.M.

Present: All members with the exception of Senator Lewis.

HEALTH Sen. Groh called the meeting to order to close out the budget for HEALTH program category.

The sub-committee's recommendations, chairman Bill Ray, were accepted with the following exceptions:

Child & Family Health, Crippled Children: Sen. Poland asked if this element funded medical aid for hemophiliacs, as an increase would then be needed in Contractual Services. Milt Barker was to check on this question and would advise Sen. Poland.

Reg. of Human Impairments: The committee agreed that this element should be combined with Early Screening next year.

Regional Labs: Contractual Services was increased to fund rabies and virology lab work by the Arctic Research Lab.

Alaska Psychiatric Institute: Credit Manager position allowed.

All funding for Juneau, Anchorage and Fairbanks Mental Health Centers deleted. Grants were increased in Community Operated Mental Health Centers to be allocated as follows:

Juneau	\$100,000
Anchorage	170,000
Fairbanks Region	150,000
Kenai	100,000
Ketchikan	135,000
Kodiak/Aleutian	<u>75,000</u>
	\$730,000

Recess: The meeting recessed at 12:15 P.M.

4/8/74

Apr 11 8, 1974

3:20 p.m.

Present: Senators Groh, Palmer, Poland, Sackett, Lewis, Butrovich.

Stuart Hall, Legislative Affairs; Robert Van Houte, Executive Secretary, Alaska Education Association.

Senator Groh called the meeting to order and stated that the committee will take up bills in committee, starting with Senate Bill 399.

SB 399 SENATE BILL 399 prohibits the pirating of recordings and makes it a crime. Senator Groh explained that, apparently, there is no law on the books now which would make it a crime to pirate somebody's recording, reproduce it and sell it. He said it has no financial implications.

Senator Poland called attention to the fact that the Judiciary Committee came up with a committee substitute which changed the offense from a felony to a misdemeanor. She said there is a federal law governing this, but the FBI has said they want the State Troopers to get involved with this, as they do not have the time.

Senator Poland moved that Judiciary Committee Substitute for Senate Bill 399 be reported out of committee with individual recommendations. The motion was adopted.

Members signed the committee report as follows:

"No Recommendation" Senators Groh, Poland, Butrovich,
Sackett, Palmer

SB 480 Senator Groh explained that Senate Bill 480 appropriates \$50.0 to the Department of Fish and Game for purchasing property within the area known as the Potter Point State Game Refuge. He said there's about 745 acres in private ownership in the middle of that game refuge. The federal government will match this appropriation with \$150.0 to buy this property, and it will solidify the game refuge.

Senator Sackett moved that Senate Bill 480 be reported out of committee with a "Do Pass" recommendation. The motion was adopted. All members present signed the committee report as "do pass".

SB 510 Senate Bill 510. Senator Groh explained that this appropriates money to satisfy the agreed judgment in the case of William A. Stanley vs. State of Alaska and Floyd Short.

Senator Groh went over the background of this case for the committee's benefit. It involved a crab vessel that the Fish and Game Department seized because it had undersized crab.

The vessel subsequently sank, and, after a series of court actions, the State was held liable .

Senator Lewis arrived at the meeting.

Senator Butrovich moved that Senate Bill 510 be reported out of committee with a "Do Pass" recommendation. The motion was adopted by a vote of 5-1, with Senator Lewis opposed. All members present then signed the report as "do pass".

SB 518

Senate Bill 518 provides that a municipality levying an ad valorem property tax under Sec. 45 of this chapter may exclude or exempt residential property from taxation, not to exceed \$10.0 for any one residence.

Senator Palmer explained that during the special session the Legislature passed a repealer of the exemptions because of what might happen on the North Slope. They did not realize at that time that the people on the North Slope had this exemption (100%). This bill tries to resolve the problem by saying that anybody who taxes oil equipment is limited to a \$10.0 exemption.

Senator Palmer moved that Senate Bill 518 be moved out of committee with a "do pass" recommendation. The motion failed.

Senator Palmer moved that Senate Bill 518 be moved out of committee with individual recommendations. The motion was adopted. Members signed the committee report as follows:

"Do Pass" Senators Groh, Butrovich, Palmer, Lewis

"No Recommendation" Senators Poland, Sackett

SB 519

Senator Groh called this bill to the committee's attention, but said he did not want to take action on it until Senator Ray could be present. Senate Bill 519 relates to legislative per diem.

Senator Groh explained stated that many of the legislators have been taxed on their \$35 per day per diem because the IRS takes the position that, since the \$35 is paid to Juneau legislators, it is really a compensation, and not per diem. The bill proposes that Juneau legislators receive \$15.00 a day, and that legislators attending a committee meeting in their hometowns would receive reduced per diem of \$15.00. Senator Groh said he will take up this bill tomorrow.

HB 577

House Bill 577 raises the maximum amount loanable under the small business loan program from \$60.0 to \$100.0.

Senator Sackett moved that House Bill 577 be moved from committee with a "do pass" recommendation. No action was taken on this motion.

Senator Palmer moved that House Bill 577 am be moved out of committee with individual recommendations. The motion was adopted. Members signed the committee report as follows:

"Do Pass"

Senators Groh, Poland, Sackett,
Palmer, Lewis

"No Recommendation"

Senator Butrovich

CSHB 180

Stuart Hall arrived at the meeting and explained what this bill creates the Alaska Commission on Post-secondary Education, so that the State can take advantage of federal monies, particularly regarding vocational education in community colleges. He explained that the bill in its present form would set up a commission of 13 members. The committee would act in an advisory role in reviewing regulations, priorities, budgets, programs, proposed locations of colleges, etc. The objective of the committee (as listed in the bill) is the "coordinated, comprehensive planning for postsecondary education in Alaska, encompassing public, private and proprietary postsecondary educational institutions and agencies in the state, in order to lessen the disparate planning efforts of several state agencies and others now planning one or more elements of postsecondary education."

He said this would provide a forum where representatives from many of the institutions and agencies could meet on a regular basis quarterly to discuss their common concerns.

Senator Groh said he understands in prior years elements of the University were opposed to enactment of this bill, but he is now told by Dr. Dafoe and others that they favor its enactment on the theory that we could get rid of some of our expensive consultants. He mentioned one of these contracts with McLean and Associates that Legislative Affairs administers. It costs approximately \$60.0 a year. Mr. Hall said the FY '74 contract ran about 45-43,0 a year.

Mr. Hall remarked that the Legislative Council's responsibility for these educational programs was intended as a temporary expedient until something of the nature proposed in this bill could be adopted.

Senator Butrovich asked if we would jeopardize federal funds if we do not pass this. Senator Groh replied that unless we pass it, we cannot get any 1202 federal funds.

Mr. Hall said he understands about \$1 million federal funds will be made available for these commissions nationwide in FY '75. He felt that Alaska might get about \$18-20.0 for this coming fiscal year for their share.

Mr. Hall explained that the Senate Committee substitute straightens out some of the confirming provisions that got mixed up in the house. It provides for confirming only those appointments that the Legislature does not already confirm. It also makes some

technical corrections (transferring the entire chapter rather than just a portion of it).

Answering a concern from Senator Sackett, Mr. Hall said this bill does not take away any Legislative authority for funding community colleges, nor does HB 541 which is a revision of the community college act.

Budget Analyst Rich Guthrie called the committee's attention to the fact that the fiscal note said that a Director, Analyst and a Secretary will be established for this commission (\$80.9).

Senator Butrovich said he understood the Governor put \$130.0 in the budget for it.

Senator Palmer moved that Senate Committee Substitute for House Bill 180 be moved from committee with individual recommendations. The motion was adopted by a vote of 4-2.

Members signed the committee report as follows:

"Do Pass"	Senators Groh, Poland, Butrovich, Palmer
"Do Not Pass"	Senator Lewis
"No Recommendation"	Senator Sackett

CSHB 181

Mr. Hall said this bill deals with two programs: The Student Scholarship Loan Program and the Tuition Grant Program. He explained that the first section creates the scholarship loan fund on a revolving basis. Under the present law, the money going into the fund lapses into the general fund at the end of each fiscal year; this includes monies repaid by students. Under this bill, the monies repaid would be maintained in this fund and additional loans could be made without the necessity of making substantial additional appropriations each year.

In addition, the bill changes the cumbersome name of the committee responsible for administering the program, establishes 4-year terms for the committee members, to serve at the discretion of the Governor, provides for filling vacancies, and straightens out some of the language. Furthermore, because of some of the difficulties with the regulations being promulgated, it was recommended that this Commission's regulations be subject to the Administrative Procedures Act, so they can be reviewed by the A. G.'s office.

Answering Senator Lewis' question, Mr. Guthrie said the intent of the revolving fund is that it could make loans out of the loan repayments, an request any additional needed funds from general funds.

Speaking on the Tuition Grant Program, Mr. Hall said one of the major changes appears on page 5, Section 11 (line 9).

It provides that at least 65% (now 22.5%) of annual audited total operating revenues of a private university or college in which students receiving tuition grants are enrolled is derived from sources of income other than tuition grants.

Mr. Hall explained that under the present law, it is difficult to determine what "private gifts and grants" are. Because of these problems, the proposal suggests that this be defined so that private gifts and grants means any income from any source, other than tuition grants. This would include revenues from athletic and cultural events, book store revenues, federal grants, etc.

The committee took a five minute recess at this point so that copies of the Senate Committee substitute for this bill could be copied and distributed to members.

Senator Palmer moved that Senate Committee Substitute for House Bill 181 be moved from committee with individual recommendations. The motion was adopted, with Senators Poland, Palmer, Butrovich and Groh in favor of it. Senator's Sackett and Lewis were out of the room at the time.

Members signed the committee report as follows:

"Do Pass"	Senators Groh, Palmer, Sackett
"Do Not Pass"	Senator Lewis
"No Recommendation"	Senators Poland, Butrovich

Senator Groh asked Mr. Hall to prepare a brief analysis of this bill for the committee.

CSHB 673

This bill relates to establishing an Alaska renewable resources development fund in which not less than 5% of the receipts paid the state from mineral lease bonuses and rentals for state land or royalties from minerals produced on state land shall be deposited.

Senator Butrovich questioned whether this would violate the Constitution (earmarking funds).

Amendment by Butrovich. Amend the bill by changing language in appropriate places throughout the bill to state that the funds "shall be deposited in the Alaska Renewable Resources Development account within the General Fund."

Director of Legislative Finance Jay Hogan entered the meeting. Senator Groh asked him if this earmarking of funds is in violation of the Constitution. Mr. Hogan said it was not. He stated that this particular question was researched in 1969 by the Attorney General's Office. The A.G.'s opinion was that earmarking of funds pertains only to taxes and that receipts from mineral bonuses, leases and royalties are not covered; and therefore, can be dedicated.